As per the new syllabus introduced by Shivaji University, Kolhapur, effective from June 2024 under the National Education Policy (NEP) 2020.

Accounting Skills

Paper I- Preparation of Vouchers

BACHELOR OF COMMERCE (B.COM) I, SEMESTER I, SKILL ENHANCEMENT COURSE (SEC)- I

Written & Published by:
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B.COM. - I, SEMESTER- I

SKILL ENHANCEMENT COURSE (SEC)- I

ACCOUNTING SKILLS

PAPER I

Preparation of Vouchers

By

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M.Com, NET, SET

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Preface

This book, **Accounting Skills - Paper I (Preparation of Vouchers)**, is designed in alignment with the new syllabus introduced by Shivaji University, Kolhapur, for B.Com I students, effective from June 2024 under the National Education Policy (NEP) 2020. The introduction of this course aims to equip students with a foundational understanding of voucher preparation, a critical aspect of accounting that facilitates the accurate recording and management of financial transactions. By focusing on both theoretical knowledge and practical applications, this text is tailored to develop essential skills that will enable students to confidently navigate real-world financial environments.

Structured into two units, the book provides a comprehensive overview of the meaning and nature of vouchers, the importance of accurate voucher preparation, and the types of vouchers used in day-to-day business activities. The content is organized to offer a clear understanding of cash receipts, payments, purchase orders, sales invoices, and other essential vouchers that form the backbone of any accounting system.

I have taken special care to ensure that this book is student-friendly and accessible, catering to the diverse learning needs of students. It is our hope that this text will not only help students master the skills required for voucher preparation but also laid a strong foundation for further studies in accounting and finance. This work is a stepping stone towards creating well-rounded, skilled accountants in accordance with the goals of NEP 2020.

September, 2024

Siddhivinayak S. Shinde
Author

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UNIT 1

INTRODUCTION TO VOUCHERS & PREPARATION OF VOUCHERS

Chapter 1: Introduction to Vouchers- Meaning, Definitions, General contents of vouchers, Precautions to be taken while preparing vouchers

Chapter 2: Preparation of Vouchers- Bills, Counterfoils, Receipts, Cash Memo, Material Requisition Notes, Tender / Quotation, Purchase Order, Goods Received Note, Credit Note etc.

❖ Chapter 1: Introduction to Vouchers

1.1. Meaning:

In the field of accounting, accurate and systematic record-keeping is fundamental to managing and understanding a business's financial health. Accounting, often referred to as the language of business, involves the process of recording, summarizing, and analyzing financial transactions to provide valuable insights into a company's operations and performance. Central to this process is the need for reliable documentation that supports each financial entry made in the books of accounts. This is where vouchers play a critical role. As primary documents that substantiate every financial transaction, vouchers ensure that all entries in the accounting records are both accurate and verifiable.

A voucher acts as the backbone of the accounting system, serving as a formal record that authorizes and validates each transaction before it is posted in the ledger. Whether it involves cash payments, sales, purchases, or banking transactions, a voucher provides essential details such as the date, amount, nature of the transaction, and the parties involved. This documentation is crucial for maintaining transparency, ensuring compliance with regulatory requirements, and providing a clear audit trail. By ensuring that every transaction is properly documented and authorized, vouchers help to uphold the integrity of financial records and support the overall accuracy and reliability of the accounting process.

A voucher is a written document that serves as evidence of a financial transaction. It is an essential part of the accounting process, used to validate the authenticity of the transaction and to record it in the books of accounts. Vouchers are the primary source of information for auditors and accountants to verify that a business's financial statements accurately reflect its financial activities. It records the details

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of a transaction, such as the amount, date, parties involved, and purpose, and is used to authorize and validate the entry of that transaction into the accounting system. Vouchers are essential for maintaining accurate financial records and are often required for auditing and regulatory compliance.

1.2. Definitions:

1) Horngren, Harrison, and Oliver (2018): "A voucher is a document that provides a detailed description of a transaction and is used as the basis for recording it in the accounting system, ensuring that the transaction is authorized and valid."
2) Maheshwari, S. N., & Maheshwari, S. K. (2019): "A voucher is a written document that supports the entries made in the books of accounts, confirming that a transaction has taken place, and provides the necessary details for auditing and verification."
3) Tulsian, P. C. (2006): "A voucher is a document that acts as evidence of a financial transaction and serves as an authorization for making entries into the accounting records."
4) Gupta, R. L., & Radhaswamy, M. (2014): "A voucher is any written record that substantiates the details of a transaction and ensures its proper recording and authorization in the accounting system."

Based on the definitions provided by various authors, a general definition of a voucher can be formulated as follows:

A voucher is a written document that serves as formal evidence of a financial transaction. It provides detailed information about the transaction, including the date, amount, and involved parties, and acts as a basis for recording the transaction in the accounting system. Vouchers also ensure that the transaction is authorized, validated, and compliant with accounting standards, making them essential for accurate financial reporting, auditing, and internal control.

1.3. General Contents of Vouchers

Vouchers are essential documents in accounting, as they serve as evidence of financial transactions and ensuring that these transactions are accurately recorded in the books of accounts. To fulfil their purpose effectively, vouchers must contain specific information that details the transaction. This information ensures that the transaction is properly authorized, documented, and easy to track. The general contents of a voucher typically include the following elements: date, serial or voucher number, description of the transaction, parties involved, amount, taxes, terms and conditions, signatures, and other relevant details.

A well-prepared voucher typically includes the following details:

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- ✓ ***Date:*** The date on a voucher indicates when the transaction occurred. This is crucial for recording transactions in the correct accounting period and ensuring timely and accurate financial reporting. The date should reflect the actual day the transaction took place or when the voucher was prepared. This helps in tracking the transaction chronologically and matching it with relevant financial activities.
- ✓ ***Serial or Voucher Number:*** A unique serial or voucher number is assigned to each voucher for easy identification and tracking. It ensures that each transaction can be referenced independently and reduces the risk of duplication. The numbering system should be sequential and consistent across all vouchers. This allows for an organized filing system and helps in identifying any missing or voided vouchers during audits.
- ✓ ***Account Head:*** Specify the ledger account where the transaction will be recorded. This ensures that the financial impact of the transaction is correctly allocated within the company's accounts.
- ✓ ***Description of the Transaction:*** The description provides a brief yet clear explanation of the transaction. It outlines what the transaction is about, such as "Payment for office supplies" or "Receipt from client for services rendered". The description should be detailed enough to give a clear understanding of the transaction without needing to refer to additional documents. This helps in quick identification and understanding of the transaction during reviews.
- ✓ ***Narration:*** A brief statement summarizing the transaction, often used to clarify the nature of the entry in the accounting records.
- ✓ ***Parties Involved:*** This section lists the names or identifiers of all parties involved in the transaction, such as the buyer, seller, payee, or payer. Knowing who is involved in the transaction is vital for accountability and clarity. Include the full names, addresses, or other relevant identifiers of the involved parties. This information is important for maintaining clear records and facilitating communication if there are any questions or disputes.
- ✓ ***Amount:*** The amount specifies the monetary value of the transaction. It is essential for ensuring that the financial impact of the transaction is accurately recorded in the accounts. The amount should be clearly stated, including any breakdowns if necessary (e.g., subtotal, taxes, and total amount). It should match the figures on the associated documents, such as invoices or receipts.
- ✓ ***Taxes:*** This section details any applicable taxes on the transaction, such as sales tax, VAT, or GST. Accurate tax recording is crucial for legal compliance and accurate financial reporting. Voucher must clearly state the tax rates applied, the amount of taxes, and the total amount inclusive of taxes. This ensures transparency and helps in calculating and filing tax returns accurately.
- ✓ ***Mode of Payment:*** If applicable, it indicates how the payment was made, such as cash, cheque, or electronic transfer.
- ✓ ***Terms and Conditions:*** The terms and conditions outline the specifics of the transaction agreement, such as payment terms, delivery timelines, and any special conditions. It includes all relevant terms that were agreed upon by the

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parties involved, such as "Payment due within 30 days" or "Goods to be delivered by". This helps in managing expectations and provides a reference in case of disputes.

- ✓ ***Signatures:*** Signatures are crucial for authorizing the transaction and validating the voucher. They confirm that the transaction has been reviewed and approved by the appropriate individuals. Typically, a voucher will have spaces for multiple signatures such as Prepared By, Approved By, and Received By, etc. This ensures that the transaction has been properly authorized and reviewed before being processed.
- ✓ ***Reference Documents:*** Attach or reference any supporting documents, such as invoices, receipts, orders or contracts. These documents provide further evidence and details about the transaction.
- ✓ ***Seal of the entity:*** A seal or stamp on a voucher serves as an official mark of authentication and validation. It indicates that the voucher has been reviewed and approved by the relevant authority within the organization. The seal or stamp typically includes the name of the company or department, and sometimes the signature of the approver. This practice helps prevent unauthorized alterations, ensures the legitimacy of the transaction, and provides a clear audit trail. Using a seal or stamp adds an extra layer of security and reinforces the integrity of the financial documentation process.

These elements collectively ensure that vouchers are comprehensive, accurate, and easy to audit. Properly completed vouchers help maintain the integrity of financial records, ensure compliance with accounting standards, and provide a clear audit trail for all financial transactions.

1.4. Precautions to be taken while preparing vouchers:

Preparing vouchers accurately is crucial for maintaining the integrity of financial records and ensuring compliance with accounting standards. Careful attention to detail and adherence to best practices can help prevent errors, fraud, and discrepancies in accounting. Below are some essential precautions to be taken while preparing vouchers:

A. Ensure Completeness of Information:

Accurate Data Entry: Make sure that all relevant information, such as the date, voucher number, transaction details, and amount, is accurately recorded. Incomplete or incorrect data can lead to errors in the financial statements.

Attach Supporting Documents: Always attach relevant supporting documents, such as invoices, receipts, and contracts, to the voucher. These documents serve as evidence for the transaction and are crucial for audits and internal reviews.

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Verify Transaction Details: Cross-check all details of the transaction, including the names of parties involved, the description of the transaction, and the amounts. Any discrepancies should be resolved before finalizing the voucher.

B. Maintain Sequential Numbering

Use Unique Voucher Numbers: Assign a unique number to each voucher and maintain a sequential numbering system. This practice helps in tracking and referencing vouchers easily, reducing the risk of duplication or omission.

Avoid Gaps in Sequence: Ensure that there are no gaps in the sequence of voucher numbers, as gaps can indicate missing vouchers or potential fraud. If a voucher is voided, retain it for record-keeping with an appropriate note.

C. Authorization and Approval

Obtain Proper Authorization: Ensure that the voucher is approved by an authorized person before it is processed. The approver should verify the accuracy and legitimacy of the transaction.

Multiple Signatures: For high-value transactions, it is advisable to have more than one signatory as part of the approval process. This adds an extra layer of security and internal control.

D. Accurate Recording of Amounts

Check Calculations: Double-check all calculations, including the total amount, taxes, discounts, and other adjustments. Miscalculations can lead to financial discrepancies.

Avoid Round-Off Errors: Be precise in recording amounts to avoid round-off errors, especially when dealing with taxes and other critical figures. If round-off is necessary, ensure that it is done correctly and consistently.

E. Compliance with Accounting Policies

Follow Accounting Standards: Ensure that the voucher preparation adheres to the relevant accounting standards and principles, such as GAAP (Generally Accepted Accounting Principles) or IFRS (International Financial Reporting Standards).

Respect Internal Controls: Follow the company's internal control procedures regarding the preparation, approval, and recording of vouchers. This helps in maintaining the accuracy and integrity of financial records.

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F. Timeliness in Preparation

Prepare Vouchers Promptly: Vouchers should be prepared as soon as the transaction occurs. Delays in preparation can lead to memory lapses, missing information, or incorrect entries.

Post to Ledgers without Delay: Once prepared, vouchers should be promptly recorded in the appropriate ledgers to ensure that financial records are up-to-date and reflect the true financial position.

G. Safeguard against Fraud

Segregation of Duties: Ensure that different individuals are responsible for preparing, approving, and recording vouchers. This segregation of duties reduces the risk of fraud and errors.

Regular Audits: Conduct regular internal audits to review the voucher preparation process and detect any irregularities or fraudulent activities.

H. Use of Standard Formats

Adopt Standardized Voucher Formats: Use pre-defined, standardized formats for different types of vouchers, such as cash vouchers, bank vouchers, and purchase vouchers. Standardization helps in maintaining consistency and reduces the likelihood of errors.

Customize Where Necessary: While standard formats are useful, they should be customized to suit the specific needs of the transaction or the organization, ensuring that all relevant information is captured.

I. Confidentiality and Security

Protect Sensitive Information: Vouchers often contain sensitive financial information, such as bank account details and transaction amounts. Ensure that this information is kept confidential and is accessible only to authorized personnel.

Secure Storage: Store physical vouchers in a secure location, such as a locked cabinet, and ensure that electronic vouchers are protected with appropriate security measures, such as password protection and encryption.

J. Training and Awareness

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Educate Staff: Provide training to employees involved in voucher preparation on best practices, accounting standards, and the importance of accuracy and compliance. Regular training updates can help maintain high standards in voucher preparation.

Encourage Attention to Detail: Foster a culture of attention to detail and accountability among staff, emphasizing the significance of accurate and thorough voucher preparation.

❖ Chapter 2: Preparations of Voucher

This chapter delves into the practical aspects of voucher preparation, a crucial process in maintaining accurate and reliable financial records. This chapter also guides us through the step-by-step preparation of various types of vouchers, each serving a specific purpose in the accounting cycle. Understanding how to correctly prepare these vouchers ensures that all financial transactions are properly documented, authorized, and accounted for in the books of accounts.

2.1. Cash Receipts

Cash receipts vouchers are documents used to record the inflow of cash into a business. These vouchers serve as evidence of cash received from various sources, such as sales, income, or other transactions.

2.1.1 Bills (Invoices)

Bills, commonly referred to as invoices, are fundamental documents in the world of commerce. They represent the final step in a sales transaction, where the seller officially requests payment from the buyer for goods or services provided. These documents are crucial for both the seller's and buyer's financial records, ensuring transparency and clarity in the transaction.

It is a document issued by a seller to a buyer, detailing the products or services sold and the amount owed by the buyer. A bill is a legal and financial document that itemizes a transaction between a buyer and a seller. It includes details such as the products or services are sold, quantity, price, and terms of payment, etc.

Bills are essential for requesting payment from customers, serving as a formal record of the transaction and an acknowledgment of the debt owed by the buyer. They are used across various industries, from retail to services, and are integral to the sales process. The key features of the sales invoice or sales bills are pointed below;

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- An invoice acts as a legally binding document that can be used in court to enforce payment if necessary. It provides proof of the transaction and the terms agreed upon by both parties.
- For the seller, invoices are critical for tracking payments due from customers. They detail when payments are expected, the amounts owed, and any penalties for late payment. It also assists businesses in keeping track of sales, managing cash flow, and maintaining accurate accounting records.
- Bills are the fundamental part of financial accounting, helping businesses record revenue and track outstanding debts. They play a vital role in the preparation of financial statements, tax filings, and audits.
- Sales bills helps in calculating and reporting taxes, as sales bills often include tax details.
- The invoices help in managing inventory by tracking what has been sold. This information is used to update stock levels and reorder items when necessary.
- It provides customers with a clear and detailed record of their purchase, enhancing transparency and trust.

Components of a Bill / Invoice: A standard invoice typically includes the following components,

- *Header and Unique Number:* This section includes the word “Bill” or "Invoice" and the serial number, which is a unique identifier for the transaction. It also usually includes the date the invoice was issued.
- *Seller Information:* The seller’s name, address, and contact details are listed here. This may also include the seller’s tax identification number and other relevant registration details.
- *Buyer Information:* The buyer’s name, address, and contact details are provided. This ensures that the invoice is directed to the correct party.
- *Description of Goods/Services:* This section itemizes the goods or services provided. It includes a description of each item or service, the quantity, and the unit price.
- *Subtotal and Taxes:* The subtotal is the total amount before taxes. This is followed by any applicable taxes (e.g., sales tax, VAT), which are calculated and added to the subtotal.
- *Total Amount Due:* This is the final amount the buyer is required to pay, including all taxes and any additional charges.
- *Additional Information (if any):* Some invoices may include additional information, such as delivery instructions, return policies, or references to purchase orders.
- *Signatures and Approvals:* While not always required, some invoices include a section for signatures or stamps from both the seller and the buyer to acknowledge the transaction.

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Invoices are more than just requests for payment; they are fundamental to the financial health and legal standing of a business. By understanding their importance, managing them effectively, and ensuring compliance with legal requirements, businesses can improve their cash flow, maintain accurate records, and foster better relationships with their customers.

BILL

Customer Copy

MAA JAGDAMBA MOBILE STORE

13, Shopping Complex, Ashoka Road, Nashik - 412678
Contact: 84XXXXXX69

To:
Mr. David Roman
Nashik- 412678

Bill No.: 014
Date : DD/MM/YYYY

Sl. No.	Particulars	Quantity	Rate	Amount
1	Samsung Galaxy M12 5G IMEI No.- XX76XXPQXXXXXX Colour: Gray, Memory: 6/128 GB	1 Nos	14,999.00	**13,000.00**
			Sub-total	**13,000.00**
	Amount in words: Rupees Fifteen Thousand Three Hundred and Forty Only		***Tax- 18%***	**2,340.00**
			Grand Total	**15,340.00**

E & O.E.

Receiver's Signature

Authorized Signatory

2.1.2 Counterfoils

A counterfoil is a portion of a financial or business document that is retained by the issuer as a record or proof of a transaction. Commonly used in donation receipts, cheques, or vouchers, the counterfoil contains essential information that mirrors the details on the main document handed to the other party. This practice is crucial for maintaining accurate records, tracking transactions, and providing evidence of financial activities. They serve as an efficient internal control mechanism, providing a reference to the original document that has been issued to a third party.

A counterfoil is a detachable part of a document, such as a cheque, receipt, or voucher, which remains with the issuer after the main portion is given to the

recipient. It typically contains key information about the transaction, such as date, amount, and parties involved, which the issuer uses for record-keeping purposes.

A counterfoil is a stub or duplicate of a document that serves as a retained copy of the transaction details for the issuer's records, helping to maintain accurate and complete financial records.

Counterfoils are used in various scenarios, including the issuance of cheques, tickets, donation receipts, and vouchers. They help the issuer keep track of the documents issued, providing a quick reference in case of discrepancies or for auditing purposes.

Let's consider an example of a donation receipt book. When we issues a receipt against any donation, the receipt stub (counterfoil) remains in the book after the main part itself is detached and given to the donor. This remained part (stub) allows us to later verify that the amount received or collected, from whom it was received, and for what purpose, without needing to refer to the main receipt itself, which may no longer be available. Below are some of the characteristics of counterfoils are mentioned,

- The counterfoil serves as proof that a transaction occurred, recording the essential details that can be referenced later.
- Businesses and individuals retain counterfoils to maintain a comprehensive record of all transactions. This is particularly useful in tracking financial activities, reconciling accounts, and ensuring that all transactions are accounted for.
- It aids in reconciling bank accounts and financial records by providing a paper trail of issued cheques and receipts.
- Serves as evidence in case of disputes, as it contains the same information as the original document.
- In the case of donation receipts, the counterfoil confirms that the customer or client has received a copy of the receipt, while the issuer keeps the counterfoil as a record.
- Enhances internal control by ensuring that all issued documents are recorded and accounted for.

Counterfoils, though simple in design, are a critical component of effective financial management and record-keeping. By providing a reliable record of transactions, they help businesses and individuals maintain transparency, prepare for audits, resolve disputes, and keep accurate financial records. Whether in paper or digital form, counterfoils continue to be an indispensable tool in managing financial transactions efficiently and securely.

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2.1.3 Income Receipts or Receipt against Income

Income receipts are crucial documents that provide proof of payment received by an individual or business. These receipts are issued for various types of income, including sales revenue, rent, interest, or other earnings. They play a vital role in documenting income and ensuring accurate financial reporting.

An income receipt is a document issued by a business or individual to acknowledge the receipt of money. It details the source of the income, the amount received, and the date of receipt. Income receipts are essential for both the payer and the receiver, as they serve as proof of the transaction.

An income receipt is a written acknowledgment that confirms the receipt of payment for income earned, such as from sales, rent, or interest, detailing the amount, source, and date of the transaction.

Income receipts are used to document the receipt of income from various sources, ensuring that all income is properly recorded and accounted for. They are essential for businesses to maintain accurate financial records and for individuals to track their income.

The benefits of the income receipts are stated below,

- These receipts serve as an official record of income received, which is important for financial reporting and tax purposes.

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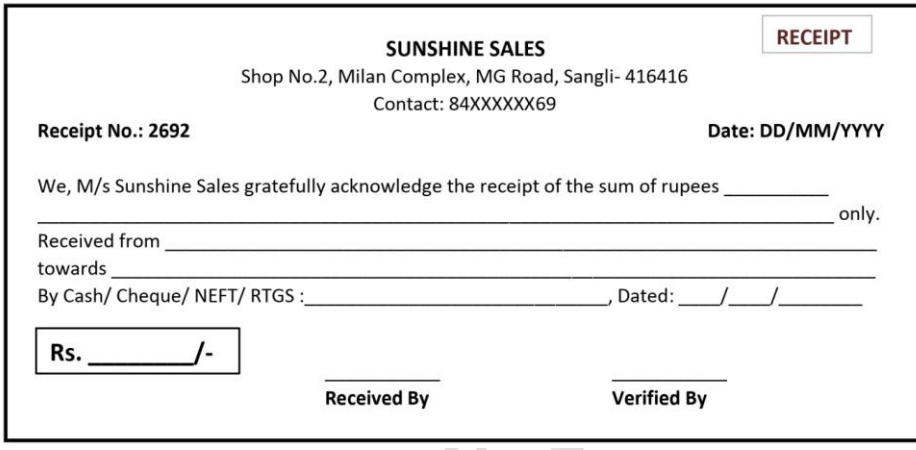
- Also helps businesses and individuals to manage their finances by providing a clear record of all income received.
- It provides a paper trail for auditors to verify income and ensure that all transactions are accounted for.
- Can be used as legal evidence in disputes regarding income received.



RECEIPT

SUNSHINE SALES
Shop No.2, Milan Complex, MG Road, Sangli- 416416
Contact: 84XXXXXX69

Receipt No.: 2692 **Date: DD/MM/YYYY**

We, M/s Sunshine Sales gratefully acknowledge the receipt of the sum of rupees _____
_____ only.
Received from _____
towards _____
By Cash/ Cheque/ NEFT/ RTGS :_____, Dated: ____/____/_____

Rs. _____/-

_____ _____
Received By **Verified By**

2.1.4 Cash Memo

A cash memo is a vital document used in retail transactions where payment is made in cash. It serves as proof of purchase and is issued to the customer at the time of sale. Cash memos are widely used in businesses that deal with direct cash sales, such as retail stores, restaurants, and small service providers.

A cash memo is a type of sales receipt that documents the sale of goods or services in exchange for cash. It lists the items sold, their prices, any applicable taxes, and the total amount paid by the customer. The cash memo is handed to the customer, and a copy is retained by the seller for record-keeping.

A cash memo is a document issued at the point of sale to record the sale of goods or services for cash, serving as proof of purchase and documenting the details of the transaction.

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CASH MEMO

SUNSHINE SALES

Shop No.2, Milan Complex, MG Road, Sangli- 416416

Contact: 84XXXXXX69

Cash Memo No.: 014 **Date : DD/MM/YYYY**

To:

Kohli Restaurant

Plot 12/8, Mhaveer Nagar, Sangli 416416

Contact: 99XXXXXX99

Sl. No.	Particulars	Quantity	Rate	Amount
1	Sunflower Oil	15 Ltr.	120.00	**1,800.00**
2	Basmati Biryani Rice	5 Kg.	70.00	**350.00**
			Sub-total	**2,150.00**
			Tax- 18%	**387.00**
			Grand Total	**2,537.00**
			**In words: Rupees Two Thousant Five Hundred Thirty Seven Only*	

E & O.E. Authorized Signatory

Cash memos are used in cash transactions to provide the buyer with proof of purchase and to record the sale in the seller's accounting system. They are especially used in retail stores, small businesses, and service industries where sales are frequently made on a cash basis. Some of its key elements are mentioned as below,

- Cash memos facilitate quick and efficient transactions, making them ideal for retail environments where sales need to be processed rapidly.
- Providing a cash memo to customers ensures transparency in transactions and builds trust. Customers are more likely to feel confident about their purchases when they receive detailed documentation. It is also essential for returns or exchanges of goods.
- It indicates that the transaction was settled in cash at the point of sale.
- They helps businesses track daily cash sales, manage cash flow, and reconcile cash balances.
- Facilitates accurate tax reporting by documenting each cash transaction.
- Cash memos assists in managing inventory by recording the sale of goods, helping to monitor stock levels.

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In conclusion, a cash memo is an essential document in cash-based transactions, providing a clear record of the sale and offering benefits in terms of legal proof, financial tracking, customer service, and tax compliance. For businesses, especially in retail and small-scale operations, cash memos are indispensable tools that ensure every transaction is recorded and accounted for accurately. By understanding the role of cash memos and implementing them effectively, businesses can improve their financial management and customer relations while maintaining compliance with legal and tax requirements.

2.2 Cash Payments

Cash payments refer to transactions where an organization or individual pays for goods, services, or other obligations using physical currency or by debiting funds directly from a cash account. These payments are immediate, involving the transfer of money at the point of purchase or settlement. Cash payments are common in day-to-day business operations for smaller expenses, such as paying for office supplies, utility bills, or wages. Since cash is liquid and immediately available, it is often used in situations where quick and direct payment is necessary.

Cash payment vouchers are official documents that record the details of cash payments made by an organization or individual. These vouchers serve as proof of payment and are essential for maintaining accurate financial records. A cash payment voucher typically includes information such as the date of the transaction, the amount paid, the payee's name, the purpose of the payment, and any supporting documents like receipts or bills. The voucher is often signed by the person authorizing the payment and, in some cases, the recipient as well. This process ensures that there is a clear and verifiable record of every cash transaction, which is crucial for accounting and auditing purposes.

The use of cash payment vouchers helps organizations maintain transparency and accountability in their financial operations. By documenting each cash payment, these vouchers help prevent fraud and errors, ensure compliance with financial regulations, and provide a reliable audit trail. They also play a significant role in budget management by enabling organizations to track their cash outflows accurately. In addition, cash payment vouchers assist in the preparation of financial statements, as they provide the necessary documentation to support cash payments recorded in the accounting system.

2.2.1 Purchase Bills

*(*Note- Refer point 2.1.1 which is exact similar to this).*

2.2.2 Payment Receipts

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A payment receipt is an essential financial document that serves as proof of payment made by a buyer to a seller. It is issued by the seller or service provider to the payer after receiving payment for goods or services. The receipt confirms that the payment has been successfully completed and provides a record of the transaction for both parties. Payment receipts are essential in business and personal transactions, ensuring transparency, accountability, and legal protection.

A payment receipt is a document that confirms the receipt of payment from a payer, specifying the amount, the date, and the purpose of the payment. It serves as an acknowledgment that the payer has fulfilled their financial obligation.

A payment receipt is a formal acknowledgment that a specific amount of money has been received from a buyer by a seller in exchange for goods, services, or debt settlement. It typically contains essential details about the transaction, including the date of payment, the amount paid, the payment method, and the items or services for which the payment was made.

Payment receipts are used in various financial transactions to confirm that payment has been made and received. They are issued by the recipient of the payment and are essential for both parties to maintain accurate records. Payment receipts play a vital role in various aspects of business and personal financial management. Their importance can be understood through several key functions:

- Payment receipts serve as tangible proof that a transaction has occurred and payment has been made. This is essential for both the payer and the recipient to have a documented record of the financial exchange.
- Helps businesses and individuals maintain accurate financial records by documenting all payments received.
- For customers, receiving a payment receipt provides assurance that their payment has been properly received and recorded. It also serves as documentation in case they need to return or exchange a product or dispute a charge.
- These receipts can be used to resolve disputes regarding payments, as it serves as evidence that payment have been made.
- It facilitates tax filing by providing a record of payments received, which is essential for income reporting.

Uses of Payment Receipts: Payment receipts are used in a wide range of scenarios across different sectors:

Retail Transactions: In retail, payment receipts are issued at the point of sale to confirm that a customer has paid for the goods they purchased. These receipts are essential for returns, exchanges, and warranty claims.

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Service Payments: For services such as repairs, consulting, or professional services in which payment receipts provide evidence that the service provider has been paid. This is particularly important in service agreements or contracts.

Debt Settlement: When a debt is paid off, a payment receipt is issued to confirm that the debt has been fully or partially settled. This is crucial for both the lender and the borrower as it provides a clear record of the payment.

Online Transactions: In e-commerce, digital payment receipts are automatically generated and sent to customers after they make a purchase. These receipts serve the same purpose as physical receipts in providing proof of payment.

Rental and Lease Payments: Tenants often receive payment receipts for rent or lease payments, which are important for both landlords and tenants to track payments and manage rental agreements.

In conclusion, payment receipts are indispensable documents in both business and personal transactions. They provide essential proof of payment, support accurate financial management, and offer legal protection for both parties involved. Whether in paper or digital form, payments receipts help ensure that every transaction is properly recorded and that there is a clear trail of financial activity. By issuing and retaining payment receipts, businesses and individuals alike can maintain transparency, accountability, and trust in their financial dealings.

PAYMENT RECEIPT

SUNSHINE SALES
Shop No.2, Milan Complex, MG Road, Sangli- 416416
Contact: 84XXXXXX69

No.: 2692 **Date: DD/MM/YYYY**

Issued to:
M/s Meena Industries
Shiroli MIDC, Kolhapur 412345

We, M/s Sunshine Sales would like to inform you that the payment of rupees .....
..... only were
made towards .....
.....by Cash/ Cheque/ NEFT/ RTGS :.....
Ref. No....., Dated: ...../...../.....
Kindly Acknowledge the receipt for the same.

Rs. _____/-

Prpeared By **Verified By**

2.3 Purchases

Purchase refers to the act of acquiring goods, services, or assets in exchange for money or its equivalent. In a business context, purchasing is a critical function that involves obtaining the materials, products, or services necessary for the company's operations, production, or resale. The process of purchasing typically includes identifying the need for a particular item or service, sourcing potential suppliers, evaluating and selecting the best supplier based on factors like price, quality, and delivery terms, and then completing the transaction through payment and receipt of the goods or services.

Purchasing is not only about acquiring what is needed but also involves strategic decision-making to ensure that the organization gets the best value for its expenditure. Effective purchasing can have a significant impact on a company's profitability by controlling costs, ensuring quality, and maintaining a smooth supply chain. In addition to its operational importance, the purchasing process often includes elements of negotiation, contract management, and compliance with legal and regulatory requirements. By carefully managing its purchasing activities, a company can enhance its operational efficiency, reduce risks, and contribute to its overall competitive advantage.

2.3.1 Material Requisition Notes

A Material Requisition Note (MRN), also known simply as a Material Requisition or Material Request Form, is an internal document used within organizations, especially in manufacturing and production settings, to request the supply of raw materials, components, or other items needed from the warehouse or inventory to complete a specific task or production order. This document ensures that the required materials are issued and used efficiently, and it plays a critical role in inventory management and production planning.

A material requisition note is a document that an employee or department submits to request materials from the inventory. It specifies the materials needed, the quantity, and the purpose, helping to control inventory and ensure that resources are used efficiently. These notes ensure that the right materials are available when needed, facilitating smooth operations and inventory management.

A Material Requisition Note is a formal document that details the materials or items needed for a specific job or production process. It is typically prepared by the production or operations department and sent to the warehouse or inventory control department to request the issuance of the required materials. It is an internal document used to request the release of materials from inventory, detailing the type, quantity, and purpose of the materials required.

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Material requisition notes are used to formally request materials or supplies from the inventory for use in production or other activities. They are essential for controlling inventory and ensuring that materials are available when needed.

Purpose and Importance of Material Requisition Notes: The primary purpose of a Material Requisition Note is to facilitate the smooth flow of materials from inventory to production or operations. It is a critical tool in ensuring that the right materials are available at the right time, preventing delays in production and ensuring efficient use of resources.

- *Inventory Management:* MRNs are essential for tracking the movement of materials within an organization. By documenting every material request, companies can monitor inventory levels, reduce waste, and avoid overstocking or stock outs.
- *Production Efficiency:* In manufacturing environments, having the correct materials available at the right time is crucial for maintaining production schedules. MRNs help ensure that materials are delivered to the production floor when needed, minimizing downtime and enhancing productivity.
- *Cost Control:* By accurately tracking material usage, MRNs help organizations control costs. They provide data that can be used to analyze material consumption patterns, identify inefficiencies, and optimize resource utilization.
- *Accountability and Transparency:* MRNs create a paper trail that enhances accountability within the organization. They document who requested the materials, for what purpose, and when, making it easier to audit material usage and investigate any discrepancies.
- *Authorization and Control:* MRNs typically require approval from a manager or supervisor before materials can be issued. This approval process ensures that material requests are legitimate and necessary, preventing unauthorized or excessive use of inventory.

Components of a Material Requisition Note: A typical Material Requisition Note includes several components that ensure clarity and accuracy in the material request process:

- *Requisition Number:* A unique identifier assigned to each MRN. This number helps in tracking and referencing the material request.
- *Date of Request:* The date on which the material requisition is made. This is important for record-keeping and scheduling purposes.
- *Department/Section:* The department or section within the organization that is requesting the materials. This helps in identifying the source of the request and facilitates internal communication.
- *Description of Materials:* A detailed description of the materials required, including specifications such as type, grade, and size. This ensures that the correct materials are issued.

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- *Quantity Requested:* The exact quantity of each material needed. Accurate quantity details are crucial for inventory control and cost management.
- *Purpose or Job Reference:* The purpose for which the materials are being requested or the specific job or project they are needed for. This helps in prioritizing material requests and allocating resources effectively.
- *Approval Signatures:* The signatures of the authorized personnel who approve the material request. This may include the production manager, department head, or inventory manager.
- *Issuing Department:* The department responsible for issuing the materials, usually the warehouse, store or inventory control department. This section may also include details about who issued the materials and when.

Material Requisition Notes are used in various scenarios within an organization, particularly in environments where inventory management and production processes are critical. Whether in manufacturing, construction, or any other sector that relies on the timely supply of materials, MRNs play a crucial role in ensuring operational efficiency, cost control, and accountability. By using MRNs effectively, organizations can optimize their resource allocation, reduce waste, and improve overall productivity. It ensures that the right materials are available when needed, supports efficient production processes, and helps maintain accurate inventory records.

SUNSHINE SALES

Shop No.2, Milan Complex, MG Road, Sangli- 416416

MATERIAL REQUISITION NOTE

Requisition No.-_____ **Date: ___/___/_____**

Requester's Name: _____ **Approver's Name: _____**
Designation: _____ **Designation: _____**
Department: _____ **Department: _____**
Contact: _____

Reason/ Purpose: _____
Date on which above material is needed: ___/___/_____

Sr. No.	Material	Requested Quantity	Issued Quantity	Estimated Value

Date on which above material is issued: ___/___/_____

Requested by: _____

Approved by: _____ **Store Department**

2.3.2 Tender or Quotation

The terms tender and quotation are crucial in the procurement process, especially in the context of business-to-business (B2B) transactions and public procurement. While they are often used interchangeably, they refer to distinct processes and documents used in acquiring goods, services, or works. Both are fundamental to ensuring transparency, fairness, and competitiveness in procurement. Tenders and quotations are documents used in procurement to request or provide detailed offers for goods or services. These documents play a critical role in the procurement process, allowing businesses to obtain competitive prices and select the best suppliers.

A tender or quotation is a formal offer made by a supplier to provide goods or services at a specified price and within certain terms and conditions. These documents are used by buyers to evaluate and compare offers from different suppliers before making a purchasing decision. They are essential for competitive bidding and ensuring value for money.

Tender: A tender is a formal and structured process by which organizations invite suppliers to submit proposals or bids to supply goods, services, or works. The tender process is typically used in large-scale procurement, especially in the public sector, and follows a strict regulatory framework. The organization issuing the tender (the buyer) publishes a detailed tender document outlining the specifications, requirements, and terms of the contract, and interested suppliers (bidders) submit their offers in response.

Quotation: A quotation, on the other hand, is a more straightforward document that provides a detailed offer to supply goods or services at a specified price. It is usually requested by a buyer from multiple suppliers to compare prices and select the most favourable option. Quotations are commonly used in smaller, less complex transactions and often involve a shorter and less formal process than tenders.

Purpose and Importance of Tenders and Quotations: Both tenders and quotations serve the purpose of obtaining competitive offers from suppliers, but they are used in different contexts and scales of procurement:

- *Ensuring Fair Competition:* Tenders and quotations encourage suppliers to compete for a contract, which helps ensure that the buyer receives the best possible value for money. This competition can lead to better pricing, improved quality, and more innovative solutions.
- *Transparency and Accountability:* Especially in the public sector, the tendering process is designed to be transparent and accountable, ensuring that

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procurement decisions are made fairly and without bias. This reduces the risk of corruption and favouritism in awarding contracts.

- *Risk Management:* By inviting multiple suppliers to bid or provide quotations, buyers can mitigate risks associated with relying on a single supplier. The process also allows buyers to evaluate the financial stability, reputation, and capacity of suppliers before awarding a contract.
- *Budget Control:* Quotations provide buyers with precise cost estimates, helping them to manage their budgets effectively. Tenders, particularly those that involve detailed cost breakdowns, also help organizations in forecasting and controlling project expenses.
- *Legal Compliance:* In many countries, especially in government procurement, there are legal requirements to use a formal tendering process for contracts above a certain value. This ensures compliance with public procurement laws and regulations.

Types of Tenders:

In procurement and contracting, a tender is an invitation for suppliers or contractors to submit proposals or bids for the supply of goods, services, or execution of work. Various types of tenders are used depending on the nature and complexity of the project or procurement. Below are the common types of tenders:

Open Tender: An open tender is a public invitation to bid for a contract, available to all qualified bidders. This type of tender is typically advertised widely in newspapers, official gazettes, or online platforms, ensuring that any interested party has the opportunity to participate. Open tenders are transparent and competitive, allowing the buyer to receive multiple bids, which can lead to better pricing and terms. However, the process can be lengthy and involves managing a large number of bids.

Selective Tender: In a selective tender, only pre-qualified or invited suppliers or contractors are allowed to submit bids. This method is often used for specialized projects where the buyer requires specific expertise or where the pool of qualified suppliers is limited. By pre-qualifying bidders, the buyer ensures that only capable and experienced vendors are considered, reducing the risk of subpar performance. This type of tender also shortens the evaluation process since fewer bids are received.

Limited Tender: A limited tender is similar to a selective tender but is restricted to a very small number of bidders, often due to the specialized nature of the work or confidentiality concerns. This method is used when the buyer has a high degree of confidence in a limited group of suppliers or when the project involves sensitive information. While it ensures high-quality submissions, it may reduce competitiveness.

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Negotiated Tender: A negotiated tender involves direct negotiation with one or more selected contractors or suppliers. This approach is typically used in complex or urgent projects where the buyer may need to collaborate closely with the supplier to finalize the terms of the contract. Negotiated tenders can provide flexibility and allow for the customization of terms, but they may lack the competitive element of open tenders, potentially leading to higher costs.

Single-Stage Tender: In a single-stage tender, the entire bidding process is completed in one round. Bidders submit their technical and financial proposals together, and these are evaluated simultaneously. This method is straightforward and time-efficient, suitable for projects where the requirements are well-defined, and the buyer is confident in their ability to evaluate bids effectively in one stage.

Two-Stage Tender: The two-stage tender process involves an initial stage where bidders submit their technical proposals without including prices. The buyer evaluates these proposals to ensure that they meet the required standards and may engage in discussions with bidders to refine the project specifications. In the second stage, the revised technical proposals are submitted along with the financial bids. This approach is used for complex projects where the scope may need further definition, allowing for greater clarity and accuracy in the final bids.

Framework Agreement Tender: A framework agreement tender is used when a buyer intends to establish long-term contracts with one or more suppliers for recurring needs over a specified period. The tender process involves setting up a framework agreement that outlines the terms and conditions, but specific orders are placed as needs arise. This approach is common in public sector procurement, where the buyer needs to ensure consistent supply at agreed-upon prices over time.

Tendering Process:

1. *Preparation:* The buyer prepares a detailed tender document, outlining the requirements, specifications, and evaluation criteria.
2. *Invitation:* The tender is advertised publicly or sent directly to pre-qualified suppliers.
3. *Bid Submission:* Interested suppliers prepare and submit their bids within the specified deadline.
4. *Evaluation:* The buyer evaluates the bids based on predefined criteria, often involving technical, financial, and legal assessments.
5. *Award:* The contract is awarded to the supplier with the best offer, considering price, quality, and other factors.

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6. *Contract Signing:* A formal contract is signed between the buyer and the winning supplier.

Quotation Process:

1. *Request for Quotation (RFQ):* The buyer sends out a request for quotation to multiple suppliers, specifying the required goods or services.
2. *Supplier Response:* Suppliers respond with their quotations, detailing the price, delivery time, and terms.
3. *Comparison:* The buyer compares the quotations received, focusing on price, quality, and terms.
4. *Selection:* The buyer selects the supplier that offers the best value for money.
5. *Purchase Order:* The buyer issues a purchase order to the selected supplier, confirming the order.

Components of a Tender Document: A tender document is comprehensive and typically includes the following components,

A) *Invitation to Tender (ITT):* The ITT is the formal invitation issued by the buyer to potential suppliers, inviting them to submit their bids. It outlines the scope of work, the deadline for submissions, and the evaluation criteria.
B) *Specifications and Scope of Work:* This section details the goods, services, or works required, including technical specifications, quality standards, and any special requirements.
C) *Terms and Conditions:* The terms and conditions specify the legal and contractual obligations of both the buyer and the supplier. This may include payment terms, delivery schedules, warranties, and penalties for non-compliance.
D) *Bid Submission Instructions:* This provides guidelines on how suppliers should submit their bids, including the format, required documentation, and the deadline.
E) *Evaluation Criteria:* The criteria that will be used to evaluate and compare bids. This could include price, quality, delivery time, and the supplier's experience and reputation.
F) *Contract Draft:* A draft of the contract that will be signed with the winning bidder, outlining the obligations of both parties.

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QUOTATION

Date : DD/MM/YYYY	**Quotation No.: 2024-25/0055**
From: **Sujal Industries** Plot 126/8, Sathe Nagar, Kupwad MIDC, Sangli 416416 GSTIN/UIN : 27EDCBA4321Q789 Contact: 848XXXXX69	**To:** **SUNSHINE SALES** Address: Shop No.2, Milan Complex MG Road, Sangli- 416416 GSTIN/UIN: 27ABCDE1234Q987 Contact: 99XXXXX990

Sl. No.	Particulars	GST Rate	Quantity	Rate	Amount
1	Cement Colour #P987	18 %	20 Ltr.	270.00	**5,400.00**
2	Blueberry Oil Paint #234	18 %	15 Ltr.	420.00	**6,300.00**
				Sub-total	**11,700.00**
				+ CGST	**1,053.00**
				+ SGST	**1,053.00**
				+ IGST	**-**
					13,806.00

In words: Thirteen Thousand Eight Hundred and Six Rs. Only

Payment Terms:

--- Full payment is required before dispatching the material.

--- Payments are non-refundable once made.

Bank Details

Beneficiary Name:_____

Bank Name: _____ **for SUJAL INDUSTRIES**

A/c No. : _____

Branch & IFS Code : _____ Authorised Signatory

Components of a Quotation: A quotation is generally simpler than a tender document and includes the following components,

A) *Party Details:* The name, addresses, and contact information of the supplier providing the quotation and the buyer requesting the quotation.
B) *Date and Unique Number:* The date on which the quotation is issued and a unique identifier for the quotation, used for tracking and reference.
C) *Description of Goods/Services:* A detailed description of the goods or services being offered, including quantities, specifications, and any applicable standards.
D) *Price:* The price per unit and the total cost, often broken down by item or service, including applicable taxes and discounts.
E) *Payment Terms:* The terms of payment, such as payment due upon receipt, within 30 days, etc.
F) *Validity Period:* The period, for which the quotation is valid, after which the prices or terms may change.

G) *Delivery Terms:* The expected delivery date, method of delivery, and any associated costs.
H) *Signatures:* The signature of the authorized representative of the supplier, confirming the terms of the quotation.

E-Tender

E-Tendering refers to the process of conducting tenders electronically, using internet-based platforms that allow for the submission, evaluation, and management of bids online. E-Tendering is increasingly popular due to its efficiency, transparency, and ability to reach a broader audience. It eliminates many of the logistical challenges associated with traditional paper-based tendering, such as handling large volumes of documents and ensuring timely submission.

Key features of E-Tendering are mentioned below,

- *Accessibility:* E-Tendering platforms are accessible to a wide range of potential bidders, regardless of their geographical location. This broadens the pool of potential suppliers, increasing competition and potentially leading to better pricing and quality.
- *Transparency:* The electronic process ensures that all stages of the tender are conducted transparently. Key information, such as tender notices, deadlines, and evaluation criteria, is easily accessible to all participants. The system also records all interactions and submissions, providing an audit trail that can be reviewed in case of disputes.
- *Efficiency:* E-Tendering significantly reduces the time and cost associated with the tendering process. It streamlines communication between the buyer and bidders, allows for faster submission and review of bids, and automates many aspects of the evaluation process. This efficiency is particularly beneficial for large-scale projects or when dealing with multiple tenders simultaneously.
- *Security:* E-Tendering platforms are designed with security measures to protect the confidentiality and integrity of bid submissions. These platforms often use encryption, secure login systems, and other safeguards to ensure that sensitive information is not accessed or tampered with by unauthorized parties.
- *Cost-Effectiveness:* By eliminating the need for physical documentation and postage, e-Tendering reduces the costs for both buyers and bidders. It also reduces the environmental impact associated with paper-based tendering.
- *Real-Time Updates:* E-Tendering systems provide real-time updates to bidders regarding the status of their submissions, changes in tender requirements, and deadlines. This ensures that all participants are informed and can respond promptly to any changes.

Advantages of E-Tendering:

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- *Greater Reach:* E-Tendering allows organizations to reach a wider audience of suppliers, including those in remote locations, thereby increasing competition.
- *Enhanced Record-Keeping:* Digital records of all tender-related activities are automatically maintained, facilitating easier tracking and auditing.
- *Reduced Errors:* Automated checks and validations reduce the risk of human errors, such as missing documents or incorrect data entry.
- *Faster Procurement Cycle:* The speed and efficiency of e-Tendering can significantly shorten the procurement cycle, allowing projects to commence sooner.

Challenges of E-Tendering:

- *Technical Barriers:* Not all suppliers may have the technical capabilities or resources to participate in e-Tendering, particularly in regions with limited internet access.
- *Initial Setup Costs:* Implementing an e-Tendering system requires an initial investment in technology, training, and change management, which may be challenging for some organizations.
- *Data Security Concerns:* While e-Tendering systems are designed to be secure, there are still concerns about data breaches, hacking, and cyber threats.

2.3.3 Purchase Order

A Purchase Order is a formal document issued by a buyer to a seller, detailing the specific goods, services, or assets the buyer intends to purchase. It includes crucial information such as the types and quantities of items, agreed-upon prices, delivery schedules, payment terms, and other relevant terms and conditions. The PO serves as a contractual agreement between the buyer and the seller, ensuring both parties are aligned on the transaction's expectations and obligations.

The primary purpose of a Purchase Order is to establish a clear and binding agreement between the buyer and seller. This document plays a critical role in the procurement process by ensuring that both parties have a mutual understanding of the transaction. For buyers, a Purchase Order helps in managing inventory, budgeting, and controlling spending. It also serves as a formal authorization to the supplier to deliver the specified goods or services.

For sellers, the PO is a crucial document that initiates the fulfilment process. It provides a clear indication of the buyer's needs, allowing the seller to prepare the necessary items and schedule delivery accordingly. Additionally, the PO acts as a legal document that can be used to enforce payment if the buyer fails to fulfill their obligations. In cases of disputes, the Purchase Order serves as evidence of the agreed-upon terms, making it easier to resolve conflicts.

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SUNSHINE SALES
Shop No.2, Milan Complex
MG Road, Sangli- 416416
GSTIN/UIN: 27ABCDE1234Q987
State Name : Maharashtra, Code : 27

PURCHASE ORDER

Date	Order No.
DD/MM/YYYY	**2024-25/PO23**

To:
M/s Kevin Industries
Churchgate, New Mumbai
GSTIN/UIN : 27EDCBA4321Q789
State Name : MAHARASHTRA

Shipping Address:
13/B, Birla Complex, Shanti Nagar,
Kupwad MIDC, Sangli- 416415
State: Maharashtra
Contact: 99XXXXXX09

Sl. No.	Particulars	HSN Code	GST Rate	Quantity	Rate	Amount
1	Plastic Chairs *(Model- #CH0027)*	765432	18 %	100 Nos	400.00	**40,000.00**
2	Plastic Tables *(Model- #TB0137)*	876542	18 %	30 Nos	750.00	**22,500.00**

	Sub-total	**62,500.00**
Payment Terms:	***+ CGST***	**5,625.00**
--- 50% Advance will be given with this order and remaining after delivery	***+ SGST***	**5,625.00**
--- Damaged goods will not be accepted.	***+ IGST***	**-**
--- Material should reach the destination within 15 days from the order date.		**73,750.00**

In words: Seventy Three Thousant Seven Hundred Fifty Rs. Only

for SUNSHINE SALES

Authorised Signatory

A typical Purchase Order contains several key components:

- *Purchase Order Number:* A unique identifier assigned to the PO for tracking and reference purposes.
- *Buyer and Seller Information:* Details about both the buyer and seller, including names, addresses, and contact information.
- *Order Date:* The date on which the Purchase Order is issued.
- *Description of Goods or Services:* A detailed list of the items or services being purchased, including specifications such as model numbers, sizes, quantities, and unit prices.
- *Delivery Details:* Information on the delivery date, location, and any special delivery instructions.
- *Payment Terms:* The agreed-upon terms of payment, including payment methods, due dates, and any applicable discounts or penalties.
- *Total Amount:* The total cost of the order, including any taxes, shipping costs, or additional fees.
- *Terms and Conditions:* Any additional terms, such as warranties, return policies, and conditions related to the acceptance of goods or services.

Purchase orders are used to formalize the purchase of goods or services, providing a clear and legally binding agreement between the buyer and seller. They are essential for ensuring that both parties agree on the terms of the transaction. Some of the advantages of purchase orders are as specified;

- Purchase Orders ensure that all transaction details are clearly communicated, reducing the risk of misunderstandings or errors.
- A PO serves as a legally binding contract, providing both parties with protection in case of disputes.
- Helps businesses control spending by specifying the quantity and price of goods or services to be purchased.
- It facilitates inventory management by ensuring that the necessary products are ordered in the correct quantities.
- Creates an audit trail for the procurement process, aiding in financial audits and internal controls.

A Purchase Order is a vital tool in the procurement process, providing clarity, control, and legal assurance for both buyers and sellers. By clearly outlining the terms of the purchase, it minimizes the risk of disputes and ensures that both parties are aligned in their expectations. The structured process of issuing and managing POs also enhances an organization's ability to control costs, manage inventory, and maintain accurate financial records.

2.3.4 Goods Received Note

A Goods Received Note (GRN), also known as a Goods Receipt Note, is an important document in the procurement and inventory management process. It serves as a formal record of goods received by a business from its suppliers. The GRN is typically prepared by the receiving department or warehouse upon the arrival of ordered goods, and it plays a crucial role in verifying that the items delivered match the purchase order in terms of quantity, quality, and condition. It is also issued by the buyer to acknowledge the receipt of goods from a supplier. It is used to verify that the goods delivered match the purchase order and are in good condition.

A Goods Received Note is an internal document used by companies to acknowledge the receipt of goods delivered by a supplier. It provides a detailed account of the items received, including the quantities and specifications, and serves as a crucial checkpoint in the procurement process.

Importance of Goods Received Notes

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The primary purpose of a Goods Received Note is to ensure that the goods delivered by the supplier are accurately accounted for and meet the required specifications as per the purchase order. The GRN is essential for several reasons:

- *Inventory Management:* The GRN is used to update the inventory records. By documenting the exact quantities of goods received, companies can maintain accurate inventory levels, which are crucial for managing stock, avoiding shortages, and preventing overstocking.
- *Quality Control:* The GRN helps in verifying that the goods received are of the expected quality and condition. If there are any discrepancies, such as damaged or incorrect items, the GRN serves as evidence to raise an issue with the supplier.
- *Payment Authorization:* In many organizations, the GRN is linked to the accounts payable process. Before payment is made to the supplier, the GRN is checked against the purchase order and the supplier's invoice to ensure that the goods delivered were as per the agreed terms.
- *Audit compliances:* The GRN creates a paper trail that is useful for auditing purposes. It provides a record of all goods received, which can be reviewed during financial audits or inventory checks to ensure compliance with internal controls and policies.
- *Dispute Resolution:* If there is a dispute regarding the quantity or quality of goods received, the GRN serves as a formal record that can be referred to during discussions with the supplier.

SUNSHINE SALES

Shop No.2, Milan Complex, MG Road, Sangli- 416416

GOODS RECEIPT NOTE

GRN No.: 2024-25/ACC/175 **Date: DD/MM/YYYY**

Received From-

Supplier Name: Mihir Enterprises
Address: Sadashiv Peth, Pune
Contact: 990XXXXX08

Reference: Mr. Suhas
Reference No: PO/ACC/003
Department: ACCOUNTS

Sr. No.	Discription of Goods	Ordered Quantity	Received Quantity	Condition of Goods

Received goods sent to: (Concerned location or office)

Prepared By **Verified By**

Components of Goods Received Note

A typical Goods Received Note includes several key components that provide a comprehensive record of the goods received:

- *GRN Number:* A unique identifier assigned to the Goods Received Note. This helps in tracking and referencing the document.
- *Date of Receipt:* The date on which the goods were received. This is important for record-keeping and for aligning with the delivery schedule specified in the purchase order.
- *Purchase Order Number:* The number of the purchase order related to the received goods. This helps in matching the received items with the order placed by the company.
- *Supplier Details:* Information about the supplier, including the name, addresses, and contact details. This ensures that the GRN is linked to the correct vendor.
- *Description of Goods:* A detailed description of the goods received, including item names, part numbers, and specifications. This ensures clarity about what has been received.
- *Quantity Received:* The exact quantity of each item received. This is cross-checked with the purchase order to confirm that the delivery is complete.
- *Condition of Goods:* Notes about the condition of the goods upon receipt, such as whether they are damaged, defective, or in good condition. This is crucial for quality control.
- *Storage Location:* The location in the warehouse or storage where the goods are placed. This helps in organizing and tracking inventory.
- *Signatures:* The signatures of the receiving personnel who have checked and confirmed the receipt of goods. This adds a layer of accountability.
- *Remarks:* Any additional comments or observations, such as discrepancies or special instructions related to the goods.

Process of Preparing Goods Received Note

The preparation of a Goods Received Note typically follows a standardized process:

1. *Receipt of Goods:* When the goods arrive at the receiving department or warehouse, the delivery is checked against the purchase order and delivery note provided by the supplier.
2. *Inspection and Verification:* The items are inspected to ensure they match the description and quantity specified in the purchase order. The condition of the goods is also checked for any damage or defects.
3. *Documenting the Details:* The details of the received goods, including descriptions, quantities, and conditions, are recorded on the GRN. If there are any discrepancies, they are noted in the remarks section.

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4. *Approval and Sign-off:* The GRN is signed off by the receiving personnel, confirming that the goods have been received and inspected. It may also require approval from a supervisor or manager.
5. *Distribution:* Copies of the GRN are distributed to relevant departments, such as inventory control, accounts payable, and procurement. The original is usually kept in the receiving department.
6. *Inventory Update:* The inventory records are updated based on the information in the GRN. This step is crucial for maintaining accurate stock levels.
7. *Invoice Matching and Payment:* The GRN is matched with the purchase order and supplier's invoice. If everything aligns, the payment to the supplier is processed.

Goods Received Note is a valuable document in the procurement and inventory management process. It ensures that goods delivered by suppliers are accurately recorded, inspected, and verified against purchase orders. The GRN not only helps in maintaining accurate inventory records but also plays a key role in quality control, payment processing, and audit compliance. By using GRNs effectively, organizations can enhance accountability, improve operational efficiency, and ensure that they receive goods that meet their requirements and standards.

2.3.5 Credit Note

A Credit Note is a vital document in accounting and financial management, particularly in the context of business transactions where goods are returned or there is an adjustment to the amount invoiced. It is used to correct or offset an earlier invoice, essentially reducing the amount that the customer owes to the supplier. The credit note serves as an official record of the transaction and is often issued when goods are returned, there is an overcharge, or a discount needs to be applied after an invoice has been raised.

A Credit Note is a commercial document issued by a seller to a buyer, indicating that a certain amount has been credited to the buyer's account. This adjustment could be due to a variety of reasons such as a return of goods, errors in the original invoice, overcharging, or granting post-invoice discounts. Credit Notes are issued in various scenarios, including but not limited to:

- **Return of Goods**: If a customer returns goods due to defects, incorrect items, or simply a change of mind (depending on the return policy), a Credit Note is issued to adjust the invoice amount.
- **Overbilling**: If an invoice was issued with an incorrect higher amount than agreed upon, a Credit Note corrects the overbilled amount.
- **Quantity Discrepancy**: If the quantity of goods delivered was less than what was invoiced, a Credit Note is issued to adjust the difference.

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- **Post-Invoice Discounts**: Discounts negotiated after the original invoice has been issued, such as a volume discount or a loyalty discount, are applied through a Credit Note.
- **Promotional Offers**: If a promotional offer or rebate is applied after the invoice, a Credit Note is used to reflect the discount or rebate.

The primary purpose of a Credit Note is to rectify any issues with the original invoice and ensure that the correct amount is billed to the buyer. The importance of a Credit Note can be summarized as follows:

- *Correction of Errors:* If there was an error in the original invoice, such as an incorrect price, wrong quantity, or any other discrepancy, a Credit Note is issued to correct these errors without the need to cancel the original invoice.
- *Returns and Exchanges:* When a customer returns goods due to defects, damages, or any other reason, a Credit Note is issued to document the return and adjust the amount payable by the customer.
- *Overcharging:* In cases where the customer was overcharged, a Credit Note helps in refunding the excess amount or adjusting it against future purchases.
- *Post-Invoice Discounts:* Sometimes, discounts are negotiated or granted after the invoice has been issued. A Credit Note is used to apply such discounts, ensuring the customer pays the correct amount.
- *Legal Compliance:* Credit Notes ensure that businesses remain compliant with accounting and tax regulations by accurately reflecting changes in transaction values.
- *Improved Customer Relations:* By issuing a Credit Note promptly and accurately, businesses can maintain good relationships with their customers, showing that they are committed to resolving any discrepancies or issues.

Components of a Credit Note

A well-prepared Credit Note typically contains the following key components:

- *Credit Note Number:* A unique identifier for the Credit Note, which helps in tracking and referencing the document in the company's accounting system.
- *Date of Issue:* The date on which the Credit Note is issued, which is important for accounting records and timing of adjustments.
- *Buyer's Details:* The name, address, and contact information of the buyer to whom the Credit Note is issued.
- *Supplier's Details:* The name, address, and contact information of the seller issuing the Credit Note.
- *Reference to the Original Invoice:* The original invoice number and date related to the transaction being adjusted. This linkage is crucial for traceability and verification.

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- *Description of the Goods/Services:* A detailed description of the goods or services for which the Credit Note is being issued, including any relevant quantities, unit prices, and specifications.
- *Reason for Issuance:* A clear explanation of why the Credit Note is being issued, such as "Return of defective goods," "Overcharge correction," or "Post-invoice discount."
- *Amount Credited:* The exact amount being credited to the buyer's account. This amount will typically include any applicable taxes, such as VAT or GST.
- *Taxes:* If applicable, the tax component of the credit amount should be separately stated to ensure correct tax reporting.
- *Terms of Adjustment:* Information on how the credited amount will be adjusted, whether it will be deducted from the current outstanding balance, applied to future purchases, or refunded.
- *Authorized Signatures:* Signatures of authorized personnel from the seller's side to validate the document.

CREDIT NOTE

ARJUN TRADING COMPANY LIMITED
14, AGARKAR NAGAR, PUNE

Credit Note No.: **Date: DD/MM/YYYY**

To
M/s Kapila Industries
Pune

We hereby inform you that we have credited your account with Rupees _____
_____ only towards goods returned by us as given,

Qty.	Particulars	Invoice No.	Rate	Amount

Prepared By

E. & O.E. **For Arjun Trading Company Limited**

Multiple Choice Questions (Answers are highlighted)

1. What is the primary role of a voucher in accounting?
a) To summarize financial transactions
b) To authorize and validate financial transactions
c) To calculate taxes
d) To manage inventory records

2. A voucher ensures the authenticity and accuracy of which of the following?
a) Financial transactions b) Stock verification
c) Employee attendance d) IT infrastructure

3. Which of the following is NOT typically included in a voucher?
a) Date of the transaction b) Mode of payment
c) Number of employees in the company d) Serial or voucher number

4. Why is sequential numbering important in voucher preparation?
a) It ensures the voucher looks professional
b) It helps in tracking and referencing transactions
c) It is required for tax calculations
d) It assists in determining profits

5. What precaution should be taken to avoid errors in voucher preparation?
a) Assigning random numbers to vouchers
b) Leaving out details of involved parties
c) Double-checking all calculations and amounts
d) Using different formats for each voucher

6. What is the significance of signatures on a voucher?
a) To decorate the document
b) To authorize and validate the transaction
c) To confirm the voucher was printed
d) To guarantee payment by a third party

7. What is meant by 'narration' in the context of a voucher?
a) A detailed story about the company
b) A brief summary of the transaction
c) The company's mission statement
d) A list of all employees

9. Which of the following best defines the term 'Account Head' in a voucher?
a) The manager approving the voucher
b) The ledger account where the transaction will be recorded
c) The title of the company's CEO
d) The type of product sold

10. Why should vouchers be prepared promptly after a transaction occurs?
a) To ensure the transaction is correctly reflected in financial records
b) To impress the auditors
c) To meet employee satisfaction targets
d) To improve marketing strategies

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11. What additional layer of security is recommended for high-value transactions?
a) More than one signatory for the voucher
b) Keeping the voucher secret from all parties
c) Only using electronic vouchers
d) Delegating the voucher preparation to interns

12. How can companies safeguard sensitive information included in vouchers?
a) By shredding the vouchers immediately after use
b) By assigning multiple employees to handle the vouchers
c) By ensuring vouchers are accessible only to authorized personnel
d) By making the information available to all staff members

13. Which of the following is NOT a component of a voucher?
a) Date b) Serial Number
c) Tax Information **d) Supplier's Personal Hobbies**

14. What is a sales invoice used for?
a) To record payment received from a buyer
b) To record the sale of goods or services
c) To record depreciation
d) To note customer complaints

15. What is a material requisition note primarily used for?
a) For tracking cash inflows **b) For issuing goods from a store**
c) For returning goods to a vendor d) For filing taxes

16. What is the primary purpose of a cash receipt voucher?
a) To track inventory
b) To record the inflow of cash into a business
c) To issue credit to customers
d) To authorize payroll payments

17. What is the function of a counterfoil?
a) To issue refunds to customers
b) To serve as a detachable part of a document retained by the issuer
c) To request payments from customers
d) To calculate taxes

18. In which type of transaction is a cash memo typically used?
a) Credit sales **b) Cash sales** c) Online sales d) Trade transactions

19. Which component is NOT typically included in a standard invoice?
a) Seller Information **b) Weather Conditions**

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c) Subtotal and Taxes d) Description of Goods/Services

20. Which of the following is a benefit of income receipts?
a) It serves as legal evidence in income disputes
b) It increases business expenses
c) It provides buyer information only
d) It eliminates the need for tax filing

21. What is the main difference between a cash memo and an invoice?
a) Cash memos are issued for credit sales, and invoices are for cash sales
b) Invoices record credit sales, and cash memos record cash sales
c) Cash memos are legally binding, but invoices are not
d) Invoices track donations, and cash memos track loans

22. Why are counterfoils essential in financial management?
a) They allow customers to track delivery times
b) They provide the issuer with a copy of the transaction details
c) They eliminate the need for customer receipts
d) They are only used in international transactions

23. What is a cash payment voucher used for?
a) Recording sales transactions b) Recording cash inflows
c) Recording cash outflows d) Recording inventory levels

24. Which of the following is not a typical component of a payment receipt?
a) Date of payment b) Description of items purchased
c) Method of payment **d) Inventory level**

25. What is the primary purpose of a Material Requisition Note (MRN)?
a) To record cash payments **b) To request materials**
c) To track employee attendance d) To manage payroll

26. Which of the following is not included in a Material Requisition Note?
a) Description of materials b) Quantity requested
c) Purchase price of materials d) Approval signatures

27. Why is the approval signature important in a Material Requisition Note?
a) To confirm delivery of materials
b) To track inventory levels
c) To prevent unauthorized or excessive use of inventory
d) To record cash inflows

28. Which of the following is true about Material Requisition Notes (MRNs)?
a) They are used to request cash from a bank.

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b) They help track the movement of materials within an organization.
c) They are used to record sales transactions.
d) They are not important for cost control.

29. What is the primary purpose of a tender?
a) To provide informal price estimates
b) To invite suppliers to submit proposals for goods or services
c) To negotiate terms with a single supplier
d) To issue a purchase order

30. Which type of tender is available to all qualified bidders?
a) Selective Tender **b) Open Tender**
c) Limited Tender d) Negotiated Tender

31. What document is typically issued by a buyer to authorize a purchase?
a) Quotation b) Contract c**) Purchase Order** **d**) Invoice

32. Which of the following is NOT a component of a quotation?
a) Party Details b) Terms and Conditions
c) Purchase Order Number d) Delivery Terms

33. What is a key feature of e-tendering?
a) Requires physical document submission
b) Limits participation to local suppliers only
c) Provides real-time updates to bidders
d) Is less transparent than traditional tendering

34. In a two-stage tender process, what is submitted in the first stage?
a) Financial proposals **b) Technical proposals without prices**
c) Final bids d) Draft contracts

35. What does the term "validity period" in a quotation refer to?
a) The timeframe for delivery of goods
b) The duration for which the quoted prices remain valid
c) The period for which the supplier can negotiate prices
d) The time allowed for payment

36. What is the primary purpose of a Goods Received Note (GRN)?
a) To request new goods from a supplier
b) To acknowledge receipt of goods from a supplier
c) To calculate inventory turnover
d) To issue a payment to the supplier

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37. Which component is NOT typically included in a Goods Received Note?
a) GRN Number b) Purchase Order Number
c) Credit Card Information d) Description of Goods

38. A Credit Note is issued primarily for which of the following reasons?
a) For a new purchase **b) To indicate a return of goods**
c) To issue a new invoice d) To request payment from the customer

39. In the context of a GRN, what does the term "Condition of Goods" refer to?
a) Quality of the supplier b) Amount paid for the goods
c) State of the goods upon receipt d) Delivery time of goods

40. Which of the following is NOT a scenario where a Credit Note would be issued?
a) Overbilling b) Promotional offers
c) Payment made in advance d) Return of goods

41. The Goods Received Note serves as a record for which of the following processes?
a) Payment to suppliers b) Inventory update
c) Quality assurance **d) All of the above**

True & False

1) A voucher acts as evidence of a financial transaction and is essential for financial auditing.- **True**
2) The date on a voucher should reflect the day the voucher was printed, not the transaction date. **False**
3) Vouchers are only required for cash transactions, not for banking or credit transactions. **False**
4) A voucher must contain information such as the date, amount, and parties involved in the transaction. **True**
5) A unique serial number is optional when preparing vouchers. **False**
6) Signatures on a voucher are necessary to authorize and validate the transaction. **True**
7) Vouchers should be prepared as soon as the transaction occurs to ensure accurate financial reporting. **True**
8) Narration in a voucher is a detailed story of the company's financial position. **False**
9) Proper authorization is not required for vouchers involving small amounts. **False**
10) The use of standard formats for vouchers helps maintain consistency and reduces errors. **True**
11) Sequential numbering of vouchers helps in tracking and identifying missing or voided vouchers. **True**

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12) Multiple signatures are recommended for authorizing high-value transactions to improve internal controls. **True**
13) Round-off errors in voucher amounts are acceptable as long as the overall transaction is correct. **False**
14) Vouchers do not need to be stored securely, as they contain only basic financial information. **False**
15) The seal or stamp on a voucher serves as official authentication and helps prevent unauthorized alterations. **True**
16) A credit note is issued when goods are returned to a supplier. **True**
17) Counterfoils are typically retained by the buyer as proof of sale. **False** (They are retained by the issuer.)
18) An invoice is a legally binding document that can be used in court to enforce payment. **True**
19) Cash memos are only used in credit transactions. **False**
20) A counterfoil contains essential information that mirrors the details of the main document issued to the other party. **True**
21) Bills and invoices help businesses record revenue and track outstanding debts. **True**
22) A cash receipt voucher records the outflow of cash from the business. **False**
23) Sales invoices often help in calculating and reporting taxes. **True**
24) A Material Requisition Note (MRN) is used to request materials from the inventory for production or operations. **True**
25) A Material Requisition Note includes the purchase price of the materials. **False**
26) A cash payment voucher requires both the payer's and recipient's signature for authorization. **True**
27) A quotation is typically more complex than a tender. **False**
28) The evaluation criteria for tenders can include price, quality, and supplier reputation. **True**
29) E-tendering can help reduce the environmental impact associated with paper-based tendering. **True**
30) A limited tender involves a large number of bidders to ensure competitive pricing. **False**
31) A Goods Received Note is typically prepared before the goods arrive. **False**
32) A Credit Note can be issued for a post-invoice discount. **True**
33) The condition of goods is not relevant when preparing a Goods Received Note. **False**
34) The GRN is solely used for inventory management and has no role in financial processes. **False**
35) The amount credited in a Credit Note typically includes taxes. **True**
36) The GRN is issued by the supplier to the buyer. **False**

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Practical Questions- Preparation of Vouchers

Question 1: You purchased office furniture worth ₹75,000 from "ABC Furnishings" on credit. Prepare a bill voucher recording the transaction, including the following details: - Buyer: XYZ Pvt Ltd - Seller: ABC Furnishings - Date: 10-Oct-2024 - Invoice Number: 4567 - Amount: ₹75,000 - Payment Terms: Payment within 30 days

Question 2: Your Company, "Global Enterprises," received a bill for ₹25,000 from "Print Solutions" for printing brochures. Prepare the bill voucher with the following details: - Buyer: Global Enterprises - Seller: Print Solutions - Date: 12-Oct-2024 - Invoice Number: 7890 - Amount: ₹25,000 - Purpose: Printing Services

Question 3: Your company, "Techno Corp," received a payment of ₹1,00,000 from "Modern Constructions" for services rendered. Prepare the receipt voucher, including: - Received From: Modern Constructions - Amount: ₹1,00,000 - Date: 14-Oct-2024 - Purpose: Payment for Services - Mode of Payment: Cheque

Question 4: Prepare a receipt voucher for receiving ₹50,000 from "Sharma Associates" as an advance for a project. - Received From: Sharma Associates - Amount: ₹50,000 - Date: 15-Oct-2024 - Purpose: Project Advance - Mode of Payment: Bank Transfer

Question 5: You are issuing a cheque for ₹40,000 to "Bright Technologies" for software purchase. Fill out the cheque counterfoil voucher with the following details: - Drawer: XYZ Ltd - Cheque Number: 123456 - Date: 18-Oct-2024 - Payee: Bright Technologies - Amount: ₹40,000

Question 6: Your Company issued a cheque for ₹20,000 to "Fast Delivery Services" for courier charges. Prepare the cheque counterfoil voucher using the following details: - Drawer: ABC Enterprises - Cheque Number: 654321 - Date: 19-Oct-2024 - Payee: Fast Delivery Services - Amount: ₹20,000

Question 7: Your Company, "Quick Fix Services," sells electrical parts to a customer for ₹5,000. Prepare a cash memo with the following details: - Seller: Quick Fix Services - Date: 20-Oct-2024 - Item: Electrical Parts - Amount: ₹5,000 - Payment mode: Cash

Question 8: You are selling office supplies worth ₹7,500 to a customer. Prepare the cash memo with the following details: - Seller: Office Supply Hub - Date: 21-Oct-2024 - Item: Office Supplies - Amount: ₹7,500 - Payment mode: Cash

Question 9: You need to request 50 units of printer paper from the warehouse for office use. Prepare the material requisition note with the following details: - Department: Administration - Item: Printer Paper - Quantity: 50 Units - Date: 23-Oct-2024 - Purpose: Office Use

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Question 10: Prepare a material requisition note for requesting 30 units of printer ink for the IT department. - Department: IT - Item: Printer Ink - Quantity: 30 Units - Date: 24-Oct-2024 - Purpose: Printing

Question 11: Your company is providing a quotation for ₹1,00,000 for website development services to "ABC Marketing." Prepare the quotation with the following details: - Quoter: Web Solutions Ltd - Client: ABC Marketing - Amount: ₹1,00,000 - Date: 25-Oct-2024 - Purpose: Website Development Services

Question 12: You are providing a quotation of ₹75,000 for event management services to "Elite Events." Prepare the quotation using the following details: - Quoter: Prime Event Solutions - Client: Elite Events - Amount: ₹75,000 - Date: 26-Oct-2024 - Purpose: Event Management

Question 13: Your company, "Techno Industries," needs to place an order for 100 laptops from "ABC Computers." Prepare the purchase order with the following details: - Buyer: Techno Industries - Supplier: ABC Computers - Date: 27-Oct-2024 - Item: Laptops - Quantity: 100 Units - Total Amount: ₹50,00,000

Question 14: Prepare a purchase order for ordering 200 office chairs from "Office Furniture Ltd" for ₹2,00,000. - Buyer: Global Enterprises - Supplier: Office Furniture Ltd - Date: 28-Oct-2024 - Item: Office Chairs - Quantity: 200 Units - Total Amount: ₹2,00,000

Question 15: You have received 50 printers ordered from "Tech Solutions." Prepare the Goods Received Note (GRN) with the following details: - Supplier: Tech Solutions - Date: 29-Oct-2024 - Item: Printers - Quantity: 50 Units

Question 16: Your warehouse received 100 cartons of paper from "XYZ Paper Supply." Prepare the GRN with the following details: - Supplier: XYZ Paper Supply - Date: 30-Oct-2024 - Item: Cartons of Paper - Quantity: 100 Cartons

Question 17: You need to issue a credit note for ₹15,000 to a customer for returned goods. Prepare the credit note with the following details: - Issuer: ABC Traders - Customer: Mr. Ramesh - Amount: ₹15,000 - Date: 31-Oct-2024 - Reason: Return of Goods

Question 18: Prepare a credit note for ₹5,000 issued to "Global Enterprises" for a discount offered on bulk purchase. - Issuer: XYZ Wholesalers - Customer: Global Enterprises - Amount: ₹5,000 - Date: 01-Nov-2024 - Reason: Bulk Purchase Discount

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UNIT 2

PREPARATION OF VOUCHERS

Chapter 3: Sales Invoice, Account Sales, Goods Dispatched Note, Debit Note, Transfer Note, Job Order, Deposit slips, Withdrawal slips, Cheques, Demand Draft Challan, RTGS/NEFT Challan

❖ Chapter 3: Preparation of Vouchers

This chapter continues to guides us through the step-by-step preparation of various types of vouchers, each serving a specific purpose in the accounting cycle. Understanding how to correctly prepare these vouchers ensures that all financial transactions are properly recorded, authorized, and accounted for in the books of accounts.

3.1 Sales Vouchers

Sales Vouchers are official documents used to record the details of sales transactions made by a business. These vouchers serve as proof that a sale has occurred, capturing essential information such as the date of the transaction, the goods or services sold, the amount payable, and the method of payment. Typically, sales vouchers are issued at the point of sale and provide a clear record for both the buyer and the seller. They are crucial for maintaining accurate financial records, tracking revenue, and ensuring that all sales transactions are documented in accordance with accounting practices.

The information included in a sale vouchers usually comprises the seller's and buyer's details, a description of the goods or services sold, the quantity and price of each item, any applicable taxes, the total amount due, and the payment terms. In some cases, sales vouchers also include serial numbers, invoice numbers, and authorization signatures to ensure the authenticity and traceability of the transaction. These details make sales vouchers indispensable in accounting, as they form the basis for recording sales entries in the financial ledgers and contribute to the preparation of financial statements.

Sales vouchers offer several advantages, including enhanced record-keeping, easier reconciliation of accounts, and improved financial transparency. They provide businesses with a reliable way to track sales revenue, manage inventory, and monitor customer transactions. In case of disputes or audits, sales vouchers serve as verifiable evidence of the transactions, helping to resolve issues promptly. Moreover, these vouchers play a critical role in ensuring compliance with tax

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regulations, as they document the sales tax collected from customers, which must be reported to tax authorities.

3.1.1 Sales Invoice

The sales invoice, a fundamental document in the commercial world, acts as a cornerstone for both business transactions and financial documentation. In the broad landscape of commerce, where goods and services are exchanged daily, the sales invoice stands as the official record of these exchanges, meticulously detailing every aspect of a transaction. Whether for a small business selling handcrafted items or a multinational corporation dealing in large-scale manufacturing, the sales invoice is indispensable. It not only facilitates the smooth functioning of the sales process but also serves as a crucial tool for tracking revenue, managing inventory, and ensuring compliance with various legal and regulatory frameworks.

Historically, sales invoices were simple paper documents, manually crafted and recorded in ledgers. As businesses expanded and transactions grew in complexity, the need for a more standardized and reliable method of documentation became evident. The sales invoice evolved from being just a receipt of goods or services into a multifaceted document that plays a vital role in a company's financial ecosystem. It serves as a request for payment, a record for accounting purposes, and a document that ensures both the buyer and seller have a mutual understanding of the transaction details.

A Sales Invoice serves as an official record of a sale between a seller and a buyer. It is issued by the seller to the buyer after goods have been delivered or services have been provided, and it details the products or services, the amount, and the terms of payment. A sales invoice not only facilitates payment collection but also plays a crucial role in maintaining accurate financial records, managing taxes, and ensuring transparency in business dealings.

Purpose and Importance of a Sales Invoice

The primary purpose of a Sales Invoice is to request payment from the buyer for the goods or services provided. Beyond this, the Sales Invoice serves several critical functions:

- *Legal Proof of Transaction:* A Sales Invoice is a legal document that provides evidence of the sale. It is important for resolving disputes, auditing, and compliance with legal requirements.
- *Facilitation of Payment:* The invoice details the amount the buyer owes, the due date, and the payment method, facilitating timely and accurate payment.

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- *Tax Reporting:* Sales Invoices are essential for tax reporting. They help in calculating the amount of tax collected from customers and the amount of tax payable to tax authorities.
- *Accounting Records:* Sales Invoices are key documents in a company's accounting system. They are used to record revenue, manage accounts receivable, and track cash flow.
- *Inventory Management:* By detailing the quantities of goods sold, Sales Invoices help businesses keep track of their inventory levels.
- *Customer Relationship Management:* A well-documented invoice process contributes to good customer relations by ensuring transparency and professionalism in financial dealings.

Contents of a Sales Invoice: A comprehensive Sales Invoice typically includes several key components;

Invoice Number: A unique identifier assigned to each invoice, which helps in tracking and referencing the document within the company's accounting system.

Date of Issue: The date when the invoice is issued. This is important for determining payment due dates and managing cash flow.

Seller's Details: The name, address, and contact information of the seller, often including the company's logo and registration numbers.

Buyer's Details: The name, address, and contact information of the buyer. This ensures that the invoice is directed to the correct recipient.

Description of Goods/Services: A detailed list of the items sold or services provided, including quantities, unit prices, and any product or service codes.

Total Amount Due: The total amount that the buyer is required to pay, including a breakdown of the cost of goods/services, applicable taxes, and any additional charges such as shipping or handling fees.

Taxes and Other Charges: A detailed breakdown of any applicable taxes (such as VAT, GST, or sales tax), discounts, and other charges that contribute to the total amount due.

Payment Terms: The terms under which the payment is expected, including the due date, payment methods accepted (e.g., bank transfer, credit card, check), and any early payment discounts or late payment penalties.

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Terms and Conditions: Additional conditions related to the sale, such as return policies, warranty information, or conditions for the sale.

Signatures: In some cases, the invoice may include a section for the seller's authorized signature, adding a layer of validation to the document.

TAX INVOICE

SUNSHINE SALES	**SUNSHINE SALES** Address: Shop No.2, Milan Complex MG Road, Sangli- 416416 GSTIN/UIN: 27ABCDE1234Q987 State Name : Maharashtra, Code : 27	Date **DD/MM/YYYY** Invoice No. **2024-25/0055** Mode/Terms of Payment **DD / CHEQUE/ CASH**
Buyer/Recipient **Mr. Suraj B. Patil** Vishrambag, Sangli 416416 GSTIN/UIN : 27EDCBA4321Q789 State Name : MAHARASHTRA Place of Supply : SANGLI	Reference Name **XXX** Purchase Order No. **XXX** Dispatched through **By Hand**	Other References **XXXXXXXXXX** Dated **DD/MM/YYYY** Dispatch Doc No. **XX-XXX**

Sl. No.	Particulars	HSN/SAC	GST Rate	Quantity	Rate	Amount
1	**PRINTER** *Brother - DCP-B75000D,* *Black & White Commercial Use Printer*	84433250	18 %	1 Nos.	34000.00	**34,000.00**
	Sub-total					**34,000.00**
	+ CGST					**3,060.00**
	+ SGST					**3,060.00**
	+ IGST					**-**
				1 Nos.		**40,120.00**

**In words: Forty Thousand One Hundred Twenty Rs. Only*

Payment Terms:

--- Full payment is required before dispatching the material.

--- Payments are non-refundable once made.

Bank Details- Bank Name: _____ A/c No. : _____ Branch & IFS Code : _____

Received in Good Condition Receiver's Signature	**for SUNSHINE SALES** Authorised Signatory

Use and Benefits of a Sales Invoice: Sales Invoices are used extensively across all sectors of business for various reasons,

Revenue Tracking: Sales Invoices help businesses keep track of their sales and revenue over time, providing insights into their financial performance.

Cash Flow Management: By specifying payment terms and due dates, Sales Invoices help businesses manage their cash flow and ensure they have the funds needed to cover their expenses.

Credit Control: Invoices allow businesses to extend credit to their customers, facilitating sales while maintaining control over when payments are due.

Financial Reporting: Sales Invoices are essential for preparing financial reports, including income statements and balance sheets, which are used by management, investors, and regulatory bodies.

Audit Trail: Invoices provide an audit trail that is vital for internal audits and for compliance with tax and regulatory requirements.

Improved Customer Service: Detailed and accurate invoices help to avoid misunderstandings and disputes with customers, enhancing customer satisfaction and trust.

3.1.2 Account Sales

Account Sales is a detailed statement or report prepared by a commission agent or consignee that provides a comprehensive account of the sales of goods entrusted to them by the consignor (the owner of the goods). This document is crucial in the consignment business model, where goods are sent by the consignor to the consignee, who sells the goods on behalf of the consignor, typically earning a commission on the sales.

The primary purpose of Account Sales is to provide transparency and accountability between the consignee and the consignor. It acts as a formal record of the sale of consigned goods, ensuring that the consignor receives a fair and accurate accounting of the proceeds from the sale. This document is particularly important in industries like agriculture, manufacturing, and art dealing, where consignment arrangements are common.

For the consignor, the Account Sales statement provides essential insights into the performance of their goods in the market. It allows them to assess the effectiveness of their pricing strategy, understand market demand, and make informed decisions about future consignments. Additionally, the statement helps in reconciling the consignor's financial records with the payments received from the consignee.

It ensures that the consignor can verify the amount of commission charged and the expenses deducted, and it provides a basis for any claims or adjustments that may need to be made.

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ACCOUNT SALES

SUNSHINE FURNITURE

Shop No.2, Milan Complex, MG Road, Sangli- 416416

To The General Manager Arun Manufacturers Ltd. Miraj MIDC, Sangli 416410 Contact: 987XXXX789	Serial No.- #00345
	Date: 12/10/2024
	Period of Sales: 01/04/2024 to 30/09/2024

Gross Sale:	Amount	Amount
Royal Plus Chairs- 3000 qty @ Rs.450/- each	13,50,000	
Super Royal Chairs- 6000 qty @ Rs.650/- each	39,00,000	52,50,000
(Less) Deductions:		
Unloading Charges	3,000	
Storage Charges	15,000	
Insurance	8,700	
Commission @ 20% on 52,50,000/-	10,50,000	10,76,700
Net Proceeds		41,73,300
(Less) Advance paid on 30/05/2024		15,00,000
Balance Payable		26,73,300

**In Words: Twenty Six Lakh Seventy Three Thousand Three Hundred Rs. Only*

Cheque No. 124674 of Rs.24,73,300/- is enclosed herewith.

Kindly acknowledge. **Signature:**

Sunshine Furniture

Key Components of Account Sales: An Account Sales statement includes several important details that allow the consignor to understand how their goods were handled and sold;

- *Description of Goods Sold:* The statement typically begins with a detailed description of the goods sold, including quantities, quality grades, and any distinguishing features. This helps the consignor verify that the correct goods were sold.
- *Sales Proceeds:* The gross sales revenue generated from the sale of the consigned goods is clearly stated. This amount represents the total income before any deductions are made.
- *Deductions:* Various deductions are typically listed in the Account Sales statement. These may include the commission fee charged by the consignee for selling the goods, any transportation costs, storage fees, insurance, and other expenses incurred during the process of selling the goods.

- *Net Proceeds:* After accounting for all deductions, the net proceeds are calculated. This is the amount that will be remitted to the consignor. The net proceeds are the actual profit the consignor will receive from the sale of the goods.
- *Date of Sale and Payment:* The Account Sales statement also provides information about the date the goods were sold and when the payment was or will be made to the consignor. This helps the consignor track the timing of transactions and expected cash flows.
- *Terms and Conditions:* Any specific terms and conditions related to the consignment arrangement, such as return policies, disputes resolution, or guarantees, are often included in the statement to ensure both parties are aligned.

In summary, Account Sales is a vital document in consignment transactions, ensuring that consignors receive a detailed and accurate account of how their goods were sold and the proceeds generated. It fosters trust between the consignee and the consignor, supports effective financial management, and provides a clear audit trail, making it an indispensable tool in consignment-based business operations.

3.1.3 Goods Dispatched Note

A Goods Dispatched Note (GDN), also known as a Delivery Note or Dispatch Slip, is a document used in the process of shipping goods from a seller to a buyer. It serves as a formal record that details the items being shipped and confirms that the goods have left the seller's premises. This document plays an essential role in ensuring that the right goods are delivered to the correct destination and that all parties involved are aware of the shipment details.

A Goods Dispatched Note is a document issued by the seller to accompany goods that are being shipped to the buyer. It outlines the details of the shipment, including the description and quantity of the goods, and serves as a proof of dispatch.

The primary purpose of a Goods Dispatched Note is to document the dispatch of goods from the seller to the buyer, ensuring that both parties have a clear record of what has been shipped. The Goods Dispatched Note serves several essential functions:

- It helps the buyer verify that the goods received match the order placed, ensuring transparency and reducing the risk of disputes.
- For the seller, the GDN helps in updating inventory records by noting which items have been dispatched, aiding in inventory control and stock management.

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- The GDN can be used as proof that the goods were dispatched on a specific date, which is important for tracking delivery timelines and for resolving any issues related to delays or non-delivery.
- If there are issues with the goods received, the GDN can be used to reference the specific shipment, making it easier to manage returns or exchanges.
- In some industries, maintaining accurate dispatch records is required for regulatory compliance. The GDN serves as an official record of goods dispatched.

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Shop No.2, Milan Complex, MG Road, Sangli- 416416

GOODS DISPATCHED NOTE/ DELIVERY NOTE

Note No.: 2024-25/DLVR/175 **Date: DD/MM/YYYY**

Buyer Name: _____

Address: _____

_____

Contact: 980XXXXXX7

Delivered to (Consignee): _____

Address: _____

_____

Contact: 980XXXXXX7

Dispatched through	Dispatch Doc No.:	Destination
DTDC Courier	DTDC/SLI/1257863	(City & State)

Sr. No.	Discription of Goods	Ordered Quantity	Dispatched Quantity	Estimated Value
1	Red Wood Ply 20"	80	80	13,000
2	Ply Lamination Sheets 12"	120	120	27,000
3	Waterproof Lamination Sheets 10"	45	45	8,000
	Total	**245**	**245**	**48,000**

Received in good condition	Prepared By	Verified By
Signature	Dispatch In-Charge	Sales Manager

Key Components: A comprehensive Goods Dispatched Note typically includes several key components mentioned as below;

- *Dispatch Note Number:* A unique identifier assigned to the GDN, which helps in tracking and referencing the document within the company's shipping and inventory systems.
- *Date of Dispatch:* The date on which the goods were dispatched from the seller's premises. This is important for tracking delivery times and managing customer expectations.

- *Seller's Details:* The name, address, and contact information of the seller, ensuring that the source of the shipment is clearly identified.
- *Buyer's Details:* The name, address, and contact information of the buyer, ensuring that the goods are delivered to the correct recipient.
- *Description of Goods:* A detailed list of the items being dispatched, including product codes, descriptions, quantities, and any special instructions related to the shipment.
- *Shipping Method:* Information about the mode of transportation used for the shipment (e.g., courier, freight, postal service), which helps in tracking the shipment.
- *Destination Address:* The address where the goods are to be delivered, which is crucial for ensuring that the goods reach the correct location.
- *Signature and Date:* The GDN may include a section for the signature of the person authorizing the dispatch and the date of authorization, adding a layer of validation to the document.
- *Special Instructions:* Any specific instructions regarding the handling or delivery of the goods, which is important for ensuring that the goods are treated appropriately during transit.

Goods Dispatched Note is an essential document in the logistics and supply chain process. It provides a detailed record of the goods being shipped and serves as proof that the items have been dispatched by the seller. With the increasing adoption of digital technologies, Goods Dispatched Notes are becoming more streamlined and integrated into modern business processes, enhancing efficiency, security, and environmental sustainability.

3.1.4 Debit Note

A Debit Note is a formal document issued by a buyer to a seller or supplier requesting a reduction in the amount owed on a previously issued invoice. It is a key component in business transactions, particularly when adjustments are needed due to discrepancies, such as returns, overcharging, or incorrect invoicing. The Debit Note serves as a written request for a credit to be applied to the buyer's account, thereby reducing the outstanding balance.

A Debit Note is a document used by a buyer to formally request a reduction in the amount payable to a seller or supplier. It reflects the buyer's intention to adjust or reduce the amount due, typically because of issues such as returned goods, errors in invoicing, or other discrepancies.

Debit Notes are used in various business contexts and offer several benefits:

- *Error Correction:* They help correct errors in invoicing, ensuring that both parties agree on the correct amount due.

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- *Returns Management:* They facilitate the management of returns and refunds, streamlining the process of adjusting financial records.
- *Dispute Resolution:* Debit Notes provide a formal means to address and resolve billing disputes, promoting transparency and fairness.
- *Accurate Accounting:* They ensure that accounting records accurately reflect the corrected amounts, helping to maintain financial accuracy.
- *Improved Relations:* By providing a clear and formal mechanism for adjustments, Debit Notes contribute to better business relationships and trust between buyers and sellers.

Contents of a Debit Note: A well-structured Debit Note typically includes several key components mentioned herewith;

DEBIT NOTE

ARJUN TRADING COMPANY LIMITED
14, AGARKAR NAGAR, PUNE

Debit Note No.: **Date: DD/MM/YYYY**

To
M/s Kapila Industries
Pune

We hereby inform you that we have debited your account with Rupees _____
_____ only towards goods returned by us as given,

Qty.	Particulars	Invoice No.	Rate	Amount

Prepared By

E. & O.E. **For Arjun Trading Company Limited**

- *Debit Note Number:* A unique identifier assigned to the Debit Note for tracking and reference purposes.
- *Date of Issue:* The date on which the Debit Note is issued. This helps in tracking the timing of the request and the adjustment process.
- *Seller's Details:* The name, address, and contact information of the seller or supplier to whom the Debit Note is addressed.
- *Buyer's Details:* The name, address, and contact information of the buyer or customer issuing the Debit Note.
- *Original Invoice Details:* Reference to the original invoice number, date, and amount being adjusted. This provides context for the adjustment request.
- *Description of the Issue:* A detailed explanation of the reason for the Debit Note, such as returned goods, overcharges, or errors in the original invoice.

- *Adjustment Amount:* The amount to be adjusted or reduced from the original invoice. This is the total value of the discrepancy or return.
- *Reason for Adjustment:* A clear reason or justification for the adjustment, which helps in understanding the context and ensuring that the correction is justified.
- *Terms and Conditions:* Any terms related to the adjustment, such as the timeframe for applying the credit or any conditions that need to be met.
- *Signature:* In some cases, the Debit Note may include the signature of the authorized person issuing the document, adding a layer of validation.

3.2 Inter-department Transfers - Transfer Note

A Transfer Note is a document used to facilitate the internal transfer of goods, materials, or assets between different departments or locations within an organization. It is a key tool for managing and tracking the movement of inventory, equipment, or resources, ensuring that transfers are accurately recorded and documented. Transfer Notes help maintain efficient inventory management, support accountability, and streamline the internal logistics process.

It is a formal document used to record the internal transfer of goods, materials, or assets between different departments or locations within the same organization. It details the items being transferred, the origin and destination of the transfer, and other relevant information to ensure accurate and efficient handling of the transfer process.

Transfer Notes are used in various organizational contexts and offer several benefits:

- They help ensure that inventory levels are accurately updated when items are moved between departments, reducing discrepancies and improving stock control.
- By documenting the transfer process and requiring signatures from both the sender and receiver, Transfer Notes enhance accountability and reduce the risk of errors or disputes.
- They facilitate communication between departments, ensuring that all parties involved are aware of the transfer and its details.
- Transfer Notes provide a clear and organized record of internal movements, supporting effective record-keeping and auditing processes.
- By streamlining the transfer process and providing clear documentation, Transfer Notes contribute to smoother internal operations and improved resource management.

Contents of the Transfer Notes:

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- *Transfer Note Number:* A unique identifier assigned to the Transfer Note for tracking and reference purposes.
- *Date of Transfer:* The date on which the transfer is initiated. This helps in tracking the timing of the transfer and updating inventory records.
- *Origin Department/Location:* The department or location from which the items are being transferred. This ensures clarity on where the items are coming from.
- *Destination Department/Location:* The department or location to which the items are being transferred. This specifies the intended recipient of the items.
- *Description of Items:* A detailed list of the items being transferred, including descriptions, quantities, and any relevant codes or identifiers.
- *Reason for Transfer:* A brief explanation of why the transfer is being made, such as stock redistribution, departmental needs, or equipment relocation.
- *Signature of Authorizing Person:* The signature of the person authorizing the transfer, which adds a layer of validation and approval to the document.
- *Signature of Receiving Person:* The signature of the person receiving the items, which confirms receipt and acknowledges the accuracy of the transfer.
- *Remarks:* Any additional notes or special instructions related to the transfer, such as handling requirements or conditions.

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MATERIAL TRANSFER NOTE

Note No.: 2024-25/TR/15 **Date: DD/MM/YYYY**

Sr. No.	Discription of Goods	Quantity	From	To	Reason of Transfer
1	HP CPU Cabinet	2	HR Department	IT Department	For repairs
2	UPS Batteries	2	HR Department	IT Department	For repairs

Receiver's Signature **Sender's Signature**

In short, Transfer Note is a vital document used to record and manage the internal transfer of goods, materials, or assets within an organization. By providing a formal and detailed record of the transfer process, the Transfer Note supports efficient inventory management, enhances accountability, and facilitates effective communication between departments.

3.3 Job Order

A Job Order is a formal document used in businesses to request and authorize specific work or services to be performed. It outlines the details of a job or project,

including the scope of work, requirements, and deadlines. Job Orders are commonly used in industries such as manufacturing, construction, and service sectors to manage and track individual jobs or a project, ensuring that work is completed as specified and within the agreed-upon terms.

A Job Order is a document that formally requests the execution of specific tasks or services. It includes detailed instructions, specifications, and requirements for the job, serving as a contract between the party requesting the work and the party performing it. The Job Order ensures that both parties have a clear understanding of the job's scope, objectives, and terms.

Job Orders are essential tools across various sectors, offering numerous benefits that enhance operational efficiency. By providing clear and detailed instructions for specific tasks, Job Orders reduce the risk of misunderstandings and errors, ensuring that everyone involved has a precise understanding of what needs to be done. This clarity not only streamlines workflow but also supports efficient management, as Job Orders help track the progress of tasks, ensuring they are completed on time and within budget. Moreover, they foster accountability by documenting the terms and responsibilities associated with each job, which is crucial for resolving disputes and ensuring compliance.

In addition to improving task execution, Job Orders also enhance documentation and communication within organizations. They serve as formal records of job requests and completions, which are invaluable for effective record-keeping and auditing processes. Furthermore, Job Orders facilitate improved communication between the parties involved, ensuring that both the requester and the service provider are aligned on the job requirements and expectations. This alignment is a key to delivering quality outcomes and maintaining strong professional relationships.

The primary purpose of a Job Order is to provide a clear and detailed instruction for performing a specific job or project. It serves several important functions are as given;

- It helps clarify the scope and requirements of the job, ensuring that all parties understand what is expected.
- It authorizes the commencement of work or services, acting as a formal agreement between the requester and the provider.
- It helps track the progress of the job and manage resources effectively, ensuring that work is completed as planned.
- It establishes accountability by documenting the terms of the job and the responsibilities of each party involved.

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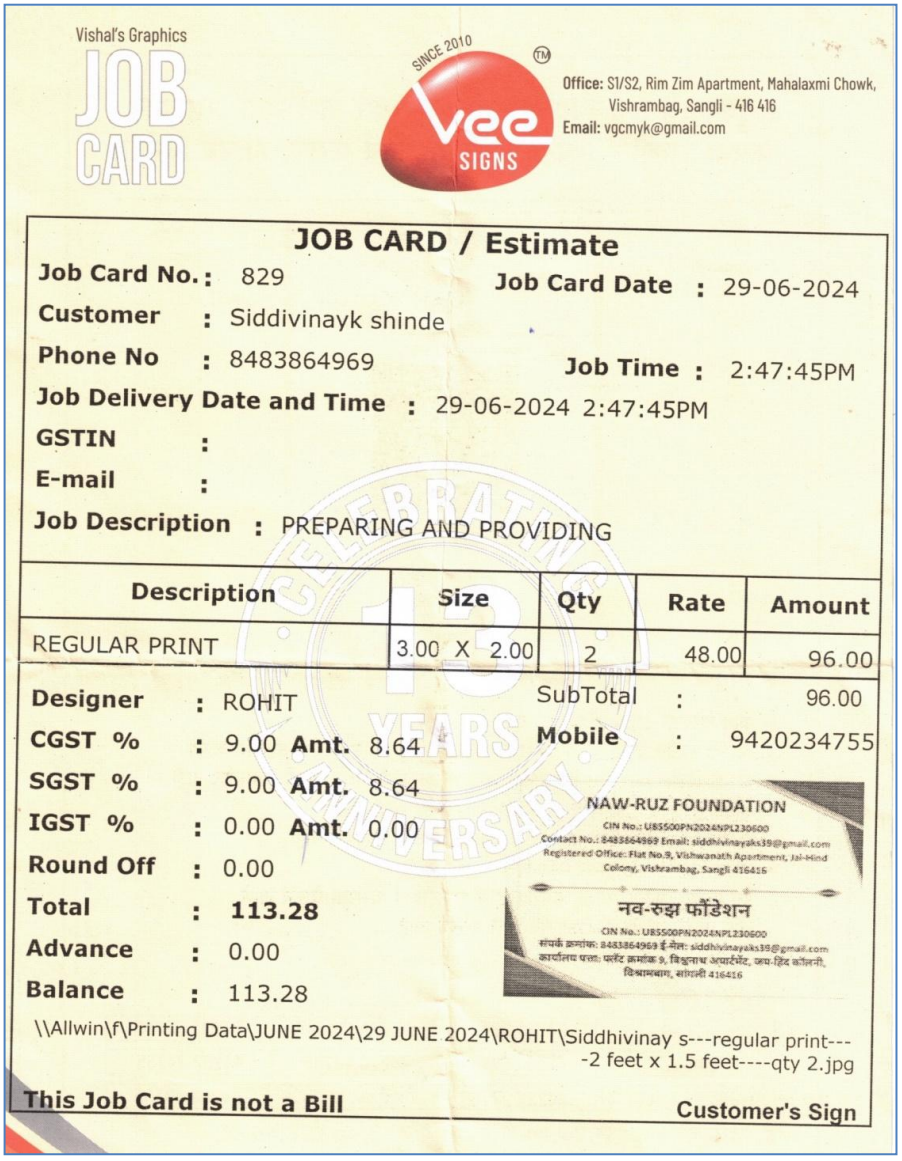
- It provides a record of the job request, including details about the work performed, which is useful for future reference, billing, and audits.

Components of a Job Order: A well-structured Job Order typically includes several key components;



Vishal's Graphics

JOB CARD

SINCE 2010 Vee SIGNS ™

Office: S1/S2, Rim Zim Apartment, Mahalaxmi Chowk, Vishrambag, Sangli - 416 416
Email: vgcmyk@gmail.com

JOB CARD / Estimate

Job Card No. : 829 **Job Card Date** : 29-06-2024

Customer : Siddivinayk shinde

Phone No : 8483864969 **Job Time** : 2:47:45PM

Job Delivery Date and Time : 29-06-2024 2:47:45PM

GSTIN :

E-mail :

Job Description : PREPARING AND PROVIDING

Description	Size	Qty	Rate	Amount
REGULAR PRINT	3.00 X 2.00	2	48.00	96.00

Designer : ROHIT SubTotal : 96.00

CGST % : 9.00 **Amt.** 8.64 **Mobile** : 9420234755

SGST % : 9.00 **Amt.** 8.64

IGST % : 0.00 **Amt.** 0.00

Round Off : 0.00

Total : **113.28**

Advance : 0.00

Balance : 113.28

NAW-RUZ FOUNDATION
CIN No.: U85500PN2024NPL230600
Contact No.: 8483864969 Email: siddhivinayaks39@gmail.com
Registered Office: Flat No.9, Vishwanath Apartment, Jai-Hind Colony, Vishrambag, Sangli 416416

नव-रुझ फौंडेशन
CIN No.: U85500PN2024NPL230600
संपर्क क्रमांक: 8483864969 ई-मेल: siddhivinayaks39@gmail.com
कार्यालय पत्ता: फ्लॅट क्रमांक 9, विश्वनाथ अपार्टमेंट, जय-हिंद कॉलनी, विश्रामबाग, सांगली 416416

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-2 feet x 1.5 feet----qty 2.jpg

This Job Card is not a Bill **Customer's Sign**

- *Job Order Number:* A unique identifier assigned to the Job Order for tracking and reference purposes.
- *Date:* The date on which the Job Order is issued. This helps in tracking the timing and progress of the job.
- *Requester Details:* The name, address, and contact information of the person or department requesting the job.
- *Service Provider Details:* The name, address, and contact information of the person or department responsible for performing the job.
- *Description of Work:* A detailed description of the work or services to be performed, including specifications, requirements, and any special instructions.
- *Materials and Resources:* Information about any materials, tools, or resources required for the job, including who will provide them.
- *Timeline:* The expected start and completion dates for the job, as well as any interim milestones or deadlines.
- *Terms and Conditions:* Any terms and conditions related to the job, including payment terms, quality standards, and other contractual details.
- *Signatures:* The signatures of authorized persons from both the requester and the provider, which formalize the agreement and authorize the work.

3.4 Banking Vouchers

3.4.1 Banking Deposit slips

A deposit slip is a document provided by banks for customers to use when depositing money into their accounts. It serves as a formal request to the bank to credit the specified amount to the depositor's account. The slip typically requires information such as the account holder's name, account number, the date, and details of the deposit, including the amount of cash, cheque, or other payment forms being deposited.

The purpose of a deposit slip is to provide an official record of the deposit, ensuring that the funds are correctly credited to the appropriate account. It helps prevent errors during the deposit process and provides the customer with a receipt or proof of the transaction. Deposit slips streamline bank operations, making it easier for both customers and bank employees to track, manage, and confirm deposits accurately. In addition to their practical use, deposit slips play a critical role in financial record-keeping, as they help both the customer and the bank maintain an accurate and reliable history of all transactions.

A Deposit Slip primarily facilitates and documents the deposit of funds into a bank account, serving several important functions. It ensures the accurate processing and crediting of deposits to the correct account, while providing a written record for transaction tracking and reconciliation. Additionally, it acts as proof of the deposit transaction, aiding in record-keeping and resolving any discrepancies. By

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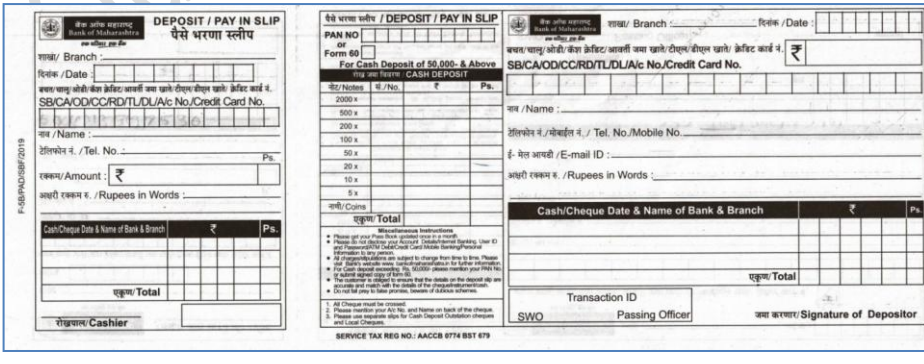
streamlining the deposit process, it reduces the chances of errors and improves overall efficiency in handling deposits.

A standard Deposit Slip typically includes several key components:

- *Bank Name and Branch:* The name of the bank and the specific branch where the deposit is being made.
- *Deposit Slip Number:* A unique identifier assigned to the Deposit Slip for tracking purposes.
- *Account Information:*
  - *Beneficiary Name:* This includes the name of the Account holder.
  - *Account Number:* The number of the account into which the funds are being deposited.
  - *Account Name:* The name of the account holder.
- *Date:* The date on which the deposit is made.
- *Deposit Amount:* The total amount of money being deposited
- *Description:* A brief description or reference related to the deposit such as cheque details, cash details.
- *Depositor's Signature:* The signature of the person making the deposit, which authorizes the transaction.
- *Seal & Signature of the Bank:* The sign of the cashier and seal of the bank to confirm that the deposit is made on particular date.
- *Additional Instructions:* Any special instructions or notes related to the deposit.

Deposit slips are used in banking to ensure accuracy, serving as a tool to record deposits correctly and credit them to the appropriate account, reducing the risk of errors. They also aid in record-keeping by providing a detailed transaction history, which is useful for tracking and reconciling accounts. Additionally, deposit slips offer proof of the transaction, which can be invaluable in resolving disputes or verifying deposits. Moreover, they enhance efficiency by streamlining the deposit process, allowing banks to handle and process deposits more quickly.

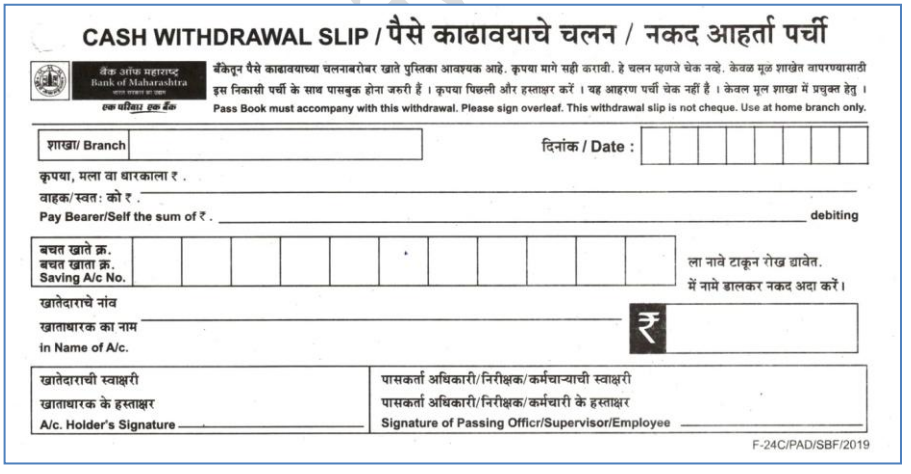


3.4.2 Withdrawal slips

A withdrawal slip is a formal document used by bank account holders to withdraw money from their bank accounts. This form is typically provided by banks and contains essential fields such as the account holder's name, account number, withdrawal amount, and sometimes a signature for verification. It serves as a formal request to the bank to debit the specified amount from the account holder's account and provide the funds in cash or via other specified means. Withdrawal slips are crucial for managing cash transactions and ensuring that withdrawals are processed accurately and efficiently.

The withdrawal slip acts as a request to the bank to release a specified sum of money from the customer's account. By filling out and submitting the slip, the customer authorizes the bank to process the withdrawal. Withdrawal slips are commonly used in branches when customers wish to make a withdrawal in person. In addition to providing a convenient way for customers to access their funds, these slips also serve as a method of verification and documentation for the bank, helping to ensure that withdrawals are accurate, legitimate, and traceable.

A Withdrawal Slip is a form provided by a bank that a customer fills out when withdrawing money from their account. It includes essential details about the withdrawal request and ensures that the funds are debited from the correct account and in the correct amount.



CASH WITHDRAWAL SLIP / पैसे काढावयाचे चलन / नकद आहर्ता पर्ची

बैंक ऑफ महाराष्ट्र
Bank of Maharashtra
एक परिवार एक बैंक

बैंकेतून पैसे काढावयाच्या चलनाबरोबर खाते पुस्तिका आवश्यक आहे. कृपया मागे सही करावी. हे चलन म्हणजे चेक नव्हे. केवळ मूळ शाखेत वापरण्यासाठी
इस निकासी पर्ची के साथ पासबुक होना जरुरी है । कृपया पिछली और हस्ताक्षर करें । यह आहरण पर्ची चेक नहीं है । केवल मूल शाखा में प्रयुक्त हेतु ।
Pass Book must accompany with this withdrawal. Please sign overleaf. This withdrawal slip is not cheque. Use at home branch only.

शाखा/ Branch | दिनांक / Date :

कृपया, मला वा धारकाला ₹ .
वाहक/स्वत: को ₹ .
Pay Bearer/Self the sum of ₹ . debiting

बचत खाते क्र.
बचत खाता क्र.
Saving A/c No.

ला नावे टाकून रोख द्यावेत.
में नामे डालकर नकद अदा करें।

खातेदाराचे नांव
खाताधारक का नाम
in Name of A/c.

₹

खातेदाराची स्वाक्षरी
खाताधारक के हस्ताक्षर
A/c. Holder's Signature

पासकर्ता अधिकारी/निरीक्षक/कर्मचाऱ्याची स्वाक्षरी
पासकर्ता अधिकारी/निरीक्षक/कर्मचारी के हस्ताक्षर
Signature of Passing Officr/Supervisor/Employee

F-24C/PAD/SBF/2019

A standard Withdrawal Slip typically includes several contents mentioned herewith:

- *Bank Name and Branch:* The name of the bank and the specific branch where the withdrawal is being made.

- *Account Number:* The number of the account from which the funds are being withdrawn.
- *Account Holder's Details:* Personal information such as the account holder's name, contact number or address, depending on the bank's requirements.
- *Date:* The date on which the withdrawal is made.
- *Withdrawer's Name:* in case of minor, if the person withdrawing is different from the account holder, the withdrawer's name may be required for documentation.
- *Additional Instructions:* Any special instructions or notes related to the withdrawal, if applicable.
- *Account Holder's Signature:* The account holder's signature is required which authorizes the transaction.

Withdrawal slips are used in various banking contexts and offer several benefits. They ensure accuracy by recording withdrawals and debiting the correct account, reducing the risk of errors. Additionally, they provide a detailed record of each withdrawal, which is useful for tracking and reconciling accounts. Serving as proof of the transaction, withdrawal slips can be valuable for resolving disputes or verifying withdrawals. They also enhance efficiency by streamlining the withdrawal process, allowing banks to handle and process transactions more quickly.

3.4.3 Cheques

A cheque is a financial instrument used for making payments, which functions as a written order from a bank account holder to their bank to pay a specific amount of money to a designated individual or organization. It represents a written promise to transfer funds from the drawer's account to the payee's account or to the payee directly. Cheques are commonly used for both personal and business transactions, providing a convenient and secure alternative to carrying and handling large sums of cash.

Cheques offer several advantages, including security and traceability. Unlike cash transactions, which can be difficult to track, cheques provide a written record of the payment, making it easier to monitor and reconcile financial activities. This documentation is particularly useful for both personal budgeting and business accounting. Additionally, cheques can be post dated, allowing the drawer to schedule payments for a future date, which can be beneficial for managing cash flow and ensuring timely payment of obligations.

However, the use of cheques has declined in recent years due to the rise of electronic payment methods and digital banking. Despite this trend, cheques remain an important financial tool in many contexts, particularly where electronic payment methods are not feasible or preferred. Their continued relevance

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underscores their role in providing a reliable and formal means of transferring funds and maintaining financial records.

Types of Cheques: Several types of cheques serve different purposes, each with its own characteristics and uses;

- *Bearer Cheque:* A bearer cheque is a type of cheque that is payable to the person who presents it at the bank. This type of cheque can be transferred simply by delivery, meaning that the person who physically holds the cheque is entitled to the payment. Because of its transferable nature, bearer cheques are considered less secure compared to other types of cheques. They do not require the payee's endorsement for transfer, making them susceptible to misuse if lost or stolen.
- *Order Cheque:* An order cheque is payable to the person named on the cheque or their order. To transfer an order cheque to another person, the payee must endorse it by signing on the back. This endorsement acts as a form of authorization for the transfer, adding a layer of security compared to bearer cheques. The requirement for endorsement helps prevent unauthorized transfers and ensures that the payment reaches the intended recipient.
- *Crossed Cheque:* A crossed cheque is distinguished by two parallel lines drawn across its face, often with the words "Account Payee" or "Not Negotiable" written between the lines. This type of cheque can only be deposited into a bank account and cannot be cashed over the counter. The crossing serves as a security measure to prevent unauthorized cashing and to ensure that the funds are deposited directly into the account of the payee or any endorsee.
- *Post-Dated Cheque:* A post-dated cheque is one that is dated for a future date. It cannot be cashed or deposited before the date specified on the cheque. This type of cheque is often used when the drawer wants to ensure that the payment is made at a later time, allowing for better cash flow management. However, it is important to note that banks may not honor post-dated cheques if they are presented before the date specified, as they are designed to be processed only on or after the date mentioned.
- *Stale Cheque:* A stale cheque is one that is presented for payment after a specified period, typically six months, from the date of issuance. After this period, the cheque is no longer valid for payment, and banks may refuse to honour it. The concept of a stale cheque is designed to ensure that cheques are presented for payment in a timely manner, preventing issues related to outdated or potentially fraudulent transactions.
- *Dishonoured Cheque:* A dishonoured cheque, also known as a bounced cheque, is one that the bank refuses to pay due to issues such as insufficient funds, an incorrect signature, or other discrepancies. When a cheque is dishonoured, the drawer may face penalties and legal consequences, and the payee may be left without the expected funds. The dishonour of a cheque can have serious

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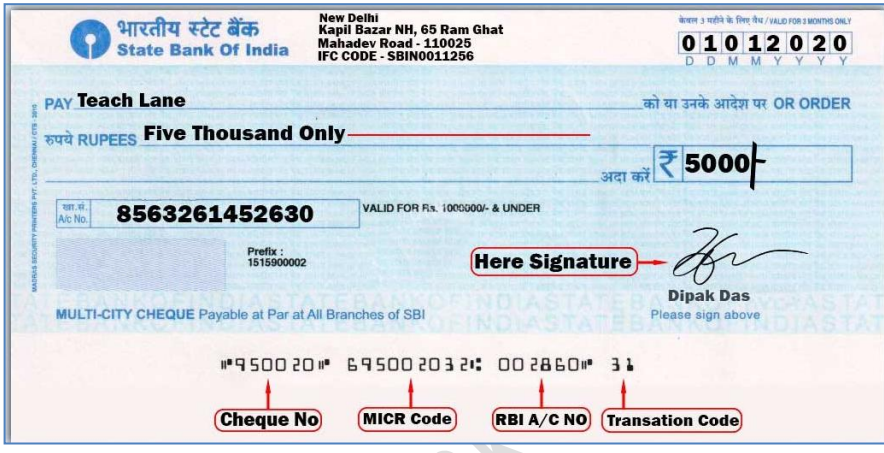
repercussions, including damage to the drawer's creditworthiness and potential legal action by the payee.

Each type of cheque serves a specific function and provides varying levels of security and flexibility, depending on the needs of the parties involved in the transaction.


भारतीय स्टेट बैंक
State Bank Of India
New Delhi
Kapil Bazar NH, 65 Ram Ghat
Mahadev Road - 110025
IFC CODE - SBIN0011256
0 1 0 1 2 0 2 0
D D M M Y Y Y Y
PAY Teach Lane
को या उनके आदेश पर OR ORDER
रुपये RUPEES Five Thousand Only
अदा करें ₹ 5000/-
A/c No. 8563261452630
VALID FOR Rs. 1000000/- & UNDER
Prefix : 1515900002
Here Signature
Dipak Das
Please sign above
MULTI-CITY CHEQUE Payable at Par at All Branches of SBI
Cheque No
MICR Code
RBI A/C NO
Transation Code

When a cheque is issued, it typically includes several key elements:

- *Drawer:* The person or entity who writes the cheque and whose bank account will be debited. The drawer's name and address are typically printed on the cheque.
- *Payee:* The person or entity to whom the cheque is made payable. The payee's name is written on the cheque.
- *Amount:* The amount to be paid, written in both numerical and word form. This ensures clarity and prevents tampering.
- *Date:* The date when the cheque is issued. This affects the cheque's validity and when it can be cashed or deposited.
- *Cheque Number:* A unique number assigned to the cheque for identification and tracking purposes.
- *Signature:* The signature of the drawer authorizing the payment. The cheque is not valid without this signature.
- *Bank Details:* The name and branch of the bank where the drawer holds the account, and often the bank's routing number.
- *Account Number:* The number of the drawer's account from which the money will be withdrawn.
- *MICR Code:* The Magnetic Ink Character Recognition (MICR) code is a special code printed on the bottom of the cheque, which helps in automated processing by banks.

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These elements work together to ensure that the payment is accurately processed and credited to the appropriate recipient. The bank, upon receiving the cheque, verifies the details and the availability of funds in the drawer's account before processing the transaction.

3.4.4 Demand Draft Challan

Demand Draft- A demand draft (DD) is a financial instrument used for transferring funds from one bank account to another, typically across different banks or locations. It is a type of pre-paid negotiable instrument where the drawer (the bank) guarantees payment to the payee (the recipient) on demand. Unlike a personal cheque, which relies on the drawer's account balance, a demand draft is paid in advance, making it a more secure and reliable form of payment. The bank issuing the demand draft ensures that the funds are available and will be paid to the payee upon presentation.

To obtain a demand draft, the drawer must request it from their bank and provide the amount, the payee's name, and other relevant details. The bank then debits the drawer's account for the amount of the draft and issues the DD, which is a written order to pay the specified amount to the named payee. The payee can then present the demand draft to their bank for collection or deposit. The issuing bank ensures that the payment is made promptly and directly, reducing the risk of bounced payments and enhancing the security of the transaction.

Demand drafts are commonly used for transactions where high value or security is a concern, such as in business transactions, real estate deals, and international payments. They offer several advantages, including reduced risk of fraud, guaranteed payment, and ease of processing compared to personal cheques.

Demand Draft Challan: A Demand Draft Challan is a document used in the process of requesting and issuing a demand draft. It serves as a formal application form that provides essential details required by the bank to process the demand draft. The challan typically includes fields for the applicant's name, account number, the amount of the demand draft, the payee's name, and the purpose of the payment. It also includes information about the bank branch where the demand draft is to be issued.

The challan acts as a record of the transaction and helps ensure that all necessary information is accurately captured. When a customer submits a Demand Draft Challan to their bank, the bank uses it to verify the request and process the demand draft. The challan is also used to track and reconcile transactions, providing a reference point for both the bank and the customer.

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In addition to facilitating the issuance of demand drafts, the challan may be used in various contexts, such as government payments, educational fees, and other financial transactions requiring proof of payment. It helps maintain a clear record of the transaction and ensures that the demand draft is issued according to the customer's instructions.

The contents of a Demand Draft challan are stated below,

- Bank Details*:* Information about the bank issuing the Demand Draft.
- *Payee Information:* Name of the person or entity who will receive the funds.
- *Amount:* The amount to be transferred via the Demand Draft.
- *Paying Account:* The account from which the amount will be debited.
- *Requestor's Details:* Information about the person requesting the Demand Draft.
- *Purpose:* Reason for issuing the Demand Draft.

DEMAND DRAFT V/S CHEQUE

Feature	Demand Draft (DD)	Cheque
Definition	A pre-paid financial instrument issued by a bank, guaranteeing payment to the payee.	A written order from an account holder to their bank to pay a specific amount to a named payee.
Payment Guarantee	Guaranteed by the issuing bank.	Not guaranteed; depends on the drawer's account balance.
Issuance	Issued by the bank on behalf of the customer.	Issued by the account holder.
Funds Availability	Funds are deducted from the drawer's account at the time of issuance.	Funds are only deducted when the cheque is presented for payment.
Security	Generally considered more secure as it is prepaid and guaranteed.	Less secure; risk of bouncing if insufficient funds are available.
Transferability	Non-transferable; can only be paid to the named payee.	Can be transferred by endorsement (in case of order cheques) or by delivery (in case of bearer cheques).
Use Case	Commonly used for large transactions, cross-bank payments, and international transactions.	Commonly used for everyday transactions, payments, and personal or business expenses.
Processing Time	Typically processed faster due to guaranteed funds.	May take longer if the cheque needs to be cleared or if there are issues with funds.

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Fees	Usually incurs a fee for issuance.	Generally no fee for issuing a cheque, but there might be fees for dishonoured cheques.
Cancellation	Difficult to cancel once issued; must be returned to the bank for cancellation.	Can be stopped or cancelled by the drawer before it is presented for payment.

.4.5 RTGS/NEFT Challan

NEFT (National Electronic Funds Transfer) is an electronic payment system that facilitates the transfer of funds between banks in India. Managed by the Reserve Bank of India (RBI), NEFT operates on a deferred net settlement basis, meaning transactions are processed in batches at specified intervals throughout the day. NEFT enables individuals and businesses to transfer funds quickly and securely from one bank account to another, irrespective of the bank branch locations. The system supports transactions for various purposes, including salary payments, bill payments, and inter-bank transfers. NEFT does not require the payer and payee to be customers of the same bank, making it a versatile option for domestic fund transfers.

RTGS (Real-Time Gross Settlement) is another electronic payment system used in India, which offers real-time, high-value, and urgent fund transfers between banks. Unlike NEFT, RTGS operates on a real-time basis, processing transactions individually and immediately rather than in batches. This system is ideal for large-value transactions that need to be settled instantly, such as corporate payments or high-value inter-bank transfers. RTGS ensures that funds are transferred securely and promptly, as it settles each transaction in gross terms, meaning the payment is made on a one-to-one basis without bundling with other transactions.

NEFT and RTGS Challans are documents used in the process of initiating and recording transactions under these systems. A NEFT/RTGS Challan is essentially a form that customers fill out to instruct their bank to carry out a fund transfer. For NEFT transactions, the challan includes details such as the sender's account information, recipient's account details, amount to be transferred, and purpose of the transaction. Similarly, for RTGS, the challan requires information on the high-value transfer, including the same details as NEFT but with additional emphasis on the urgency and real-time processing requirements.

The challan serves as a record for both the customer and the bank, ensuring that all necessary information is accurately captured and processed. It helps banks verify the transaction details, check compliance with regulations, and ensure that the funds are transferred correctly. By providing a formal record of the transaction, the challan also helps in tracking and reconciling payments, making it easier to resolve any potential issues or discrepancies.

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While NEFT and RTGS challans are crucial for initiating and documenting transactions, they are typically used in conjunction with electronic banking systems. Many banks offer online banking services where customers can initiate NEFT and RTGS transactions electronically, reducing the need for physical challans. However, the challan remains an important tool for transactions conducted in person or where documentation is required for record-keeping.

Overall, NEFT and RTGS are vital components of India's electronic payment infrastructure, offering secure and efficient methods for transferring funds. The associated challans ensure that these transactions are properly recorded and processed, supporting accurate and reliable financial operations.

The contents of an NEFT/RTGS Challan typically include the following details:

- *Bank Name:* The name of the bank where the NEFT/RTGS transaction is being initiated.
- *Branch Name:* The specific branch of the bank handling the transaction.
- *Transaction Type (NEFT or RTGS):* Indication of whether the transaction is being processed through NEFT or RTGS.
- *Sender's Name:* The name of the person or entity initiating the transaction (As per the bank records).
- *Sender Bank Account's Number:* The sender's bank account number from which the funds will be debited.
- *Recipient's Information:*
    - *Beneficiary's Name:* The name of the person or organization receiving the funds.
    - *Beneficiary's Account Number:* The recipient's bank account number where the funds will be credited.
    - *Beneficiary's Bank Name:* The name of the bank where the recipient holds the account.
    - *Beneficiary's Branch Name:* The branch of the recipient's bank.
- *Amount:* The total amount of money being transferred.
- *Purpose of Payment:* A brief description or reason for the transaction (e.g., bill payment, salary transfer).
- *Date of Transaction:* The date on which the transaction is being initiated.
- *Special Instructions:* Any specific instructions or remarks related to the transaction (e.g., urgency, reference numbers).
- *Authorization:* The signature of the person initiating the transaction, authorizing the bank to process it.
- *Transaction Reference Number or Remarks (if applicable):* A unique number assigned to the transaction for tracking and verification purposes.

These components ensure that all necessary information is provided for processing the transaction accurately and efficiently. The challan acts as a formal request and documentation for the fund transfer, helping to maintain clear records and facilitate smooth transaction processing.

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RTGS / NEFT Request Form

☐ RTGS ☐ NEFT

For RTGS / NEFT

Maximum Limit for NEFT Transaction	
HDFC Bank Customer	No Limit
HDFC Bank Customer - Indo Nepal NEFT Remittance	via Account - Up to INR 200000/-
Non HDFC Bank Customer & Indo Nepal NEFT Remittance	Up to INR 50,000/-
Purpose of Remittance to Nepal - tick one (Family Maintenance / Retirement Fund / Pension Fund / Others _____)	

Time _____

Customers Name _____

Account no _____ Chq no _____ favouring HDFC Bank Ltd for NEFT/RTGS (whichever applicable)

Mobile No _____ Tel No _____

Remitter Legal Entity Identifier Code (LEI) | | | | | | | | | | | | | | | | | | | | |

(*Only applicable for Rs.50 cr & above transaction for non-individual accounts)

LEI Expiry Date: D D M M Y Y Y Y

Address of Remitter (Mandatory for Non HDFC Bank Customer) _____

_____ Email id _____

In case of Non HDFC Bank Customer Amount of

Cash Deposited _____

Beneficiary details :

Name _____

Address _____

Account No :

Re-Confirm Account no:

Bank Name & Branch : _____ IFSC Code _____

A/c Type : ☐ Resident ☐ Non Resident ☐ FCRA Purpose: _____

Beneficiary Legal Entity Identifier Code (LEI) | | | | | | | | | | | | | | | | | | | | |

(*Only applicable for Rs.50 cr & above transaction for non-individual accounts)

LEI Expiry Date: D D M M Y Y Y Y

Amount to be credited (in figures): _____ (In Words): _____

_____

Remarks: _____

I/we agree to terms and conditions mentioned overleaf. For Indo Nepal remittance. I/we declare that the purpose of remittance is for above selected purpose only.

Signature of Authorized signatory

1st Signatory 2nd Signatory 3rd signatory

92929/23.02.2024_M012

For bank Use only

Processed by (Emp code and sign)	Authorized by (Emp code and sign)
DD / MC / UTR No	Ref No
Charges Recovered Rs (applicable only for Non Customer):	Day end Checked by
Transaction Authorized by (2nd Level) (for amount > 5 lacs).	
KYC documentation done by (only for Non-HDFC Bank Customers)	

Customers Copy

Received application for RTGS / NEFT for an amount of Rs. _____ vide Cash / Cheque number _____ to be credited to Account number _____ of _____ Bank with IFSC Code _____. Customers will be guided by the Terms and Conditions mentioned in the form. HDFC Bank will accept no liability for any consequences arising out of eronous details provided by the Customer.

Bank Seal

For HDFC Bank

DD / MC Application Form

HDFC BANK
We understand your world

(Application form to be accompany cheque only. In case of issuance against Cash, MC / DD / NEFT the amount would not exceed Rs.49,999/-)

Date :_____ Branch :- _____

Please Issue **(Tick as Applicable)**

☐ Managers Cheque ☐ Demand Draft payable at _____

Favoring_____

For amount Rs._____ (in figures) _____

_____(In words)

Mode of Payment :- Cash / Cheque No. _____

Purchaser Name: _____

Please deliver the Demand Draft / Managers Cheque to Mr / Ms. _____ Whose signature is appended below

_____ Bearers Signature

_____ Customers signature (Purchaser)

I acknowledge Receipt of the DD / MC as requested

_____ Signature of Recipient

_____ Customers Name (Purchaser)

I / We enclose Cheque no. _____ drawn on my /our above account in favour of " HDFC Bank Ltd for DD/MC.
I / We Authorize you to Debit my / our above account towards issuance of the above DD / MC through Cheque .
I / We further authorize you to debit the aforesaid account for the service charges / tax, as applicable.
I / We acknowledge that in case I / we have issued single cheque / instruction for debit to my / our account for issuing more than one Demand Draft / Managers Cheque, then the same will effect as multiple debit entries in my / our account DD/ MC against cash will be issued below Rs 50,000/- to Non- customers and should be accompanied with KYC documents

For bank Use only

Processed by (Emp code and sign)	☐ Mandatory UCIC and Banned Dedupe Verified for DD / MC against cash. Tick only if applicable Authorized by (Emp code and sign)
DD / MC / UTR No	Ref No
Charges Recovered Rs (applicable only for Non Customer):	Day end Checked by
Transaction Authorized by (2nd Level) (for amount > 5 lacs).	
KYC documentation done by (only for Non-HDFC Bank	

Terms and conditions: 1) I / We hereby authorize HDFC Bank Ltd to carry out the RTGS / NEFT transaction as per the details mentioned above (Tick the appropriate field). 2) I/ We hereby agree that the aforesaid details including the IFSC code and the beneficiary account are correct. 3) I/We further acknowledge that HDFC bank accepts no liability for any consequences arising out of erroneous details provided by me / us. 4) I/ We agree that the credit will be a: ected solely on the beneficiary account number information and beneficiary name particulars will not be used for the same. 5) I / we authorize the bank to debit my / our account with the charges plus Taxes as applicable for this transaction. 6) I / We agree that requests submitted after the cut o: time will be sent in next batch or next working day as applicable. 7) I / We hereby agree and understand that the remitting bank shall not be liable for any loss of damage arising or resulting from delay in transmission delivery or non-delivery of Electronic message or any mistake, omission, or error in transmission or delivery thereof or in deciphering the message from any cause whatsoever or from its misinterpretation received or the action of the destination Bank or any act or beyond control. 8) I / We agree that incase of NEFT transaction if we do not have an account with the bank, we will produce Original identification proof while giving the request. In case I / We submit form 60, we will also submit the address proof. 9) In case the RTGS and NEFT option is not ticked by us, I/ We authorize the transaction less than Rupees Two Lacs through NEFT and greater than or equal to Rupees Two Lacs hrough RTGS and debit charges as applicable.

Customers Copy

(To be produced by customer while collecting DD/MC from bank)

DD/ MC for Rs._____ Drawn on _____

Chq No:_____

Customer Name: _____

Customers A/c number_____

Request for MC / DD / RTGS and NEFT can also be placed using Netbanking

Bank Seal

For HDFC Bank

PTO

Multiple Choice Questions (Answers are highlighted)

1. What is the primary purpose of a Sales Voucher?
a) To verify the quantity of goods received
b) To request payment from the buyer
c) To document a sales transaction
d) To record the dispatch of goods

2. Which of the following is NOT typically included in a Sales Invoice?
a) Payment terms **b) Buyer's bank account details**
c) Total amount due d) Description of goods/services

3. What document provides a commission agent's detailed report on goods sold on consignment?
a) Sales Voucher b) Purchase Order **c) Account Sales** d) Credit Note

4. What is one of the key components of an Account Sales statement?
a) Terms of Payment b) Invoice Number c) GRN Number d) Credit Terms

5. Which of the following is a benefit of using Sales Vouchers?
a) Managing supplier relationships
b) Tracking revenue and sales transactions
c) Calculating employee bonuses
d) Forecasting future sales trends

6. What does a Sales Invoice primarily function as?
a) An audit report b) A proof of delivery
c) A request for payment d) A purchase order summary

7. What term describes the amount received after deductions like commissions and expenses in an Account Sales?
a) Gross Proceeds **b) Net Proceeds** c) Sales Revenue d) Profit Margin

8. Which of the following is NOT typically a deduction in an Account Sales statement?
a) Commission fees b) Storage fees
c) Gross sales revenue d) Transportation costs

9. Sales invoices are crucial for which of the following business activities?
a) Issuing purchase orders **b) Tracking accounts receivable**
c) Managing payroll d) Issuing sales quotations

10. Why are Sales Vouchers considered important for tax compliance?

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a) They help calculate supplier discounts
b) They document tax collected
c) They record customer contact information
d) They detail internal audit processes

11. Which of the following statements about a Debit Note is true?
a) It is issued by the seller to the buyer
b) It increases the amount payable by the buyer
c) It is used when the buyer requests a reduction in the invoice amount
d) It is issued when goods are dispatched

12. What is the primary benefit of a Transfer Note?
a) To facilitate the transfer of funds between departments
b) To manage internal transfers of goods between departments
c) To record payments made between companies
d) To authorize the sale of goods to a customer

13. Which of the following is NOT a key component of a Debit Note?
a) Adjustment Amount b) Reason for Adjustment
c) Original Invoice Details **d) Mode of Transportation**

14. What is a Job Order?
a) A form used for depositing money into a bank account
b) A document that requests and authorizes specific work or services to be performed
c) A form used for withdrawing money from a bank
d) A type of cheque used for transferring funds

15. Which of the following is NOT a component of a Job Order?
a) Job Order Number b) Requester Details
c) Deposit Amount d) Description of Work

16. What is the main purpose of a Deposit Slip?
a) To request the execution of specific tasks
b) To withdraw money from a bank account
c) To provide a formal record of a deposit
d) To endorse a cheque

17. Which type of cheque can only be deposited into a bank account and not cashed over the counter?
a) Bearer Cheque b) Order Cheque
c) Crossed Cheque d) Post-Dated Cheque

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18. What is a stale cheque?
a) A cheque that is payable to the person who presents it
b) A cheque that is presented for payment after a specified period, usually six months
c) A cheque that is dated for a future date
d) A cheque that has insufficient funds

19. What does the MICR code on a cheque help with?
a) Verifying the signature b) Endorsing the cheque
c) Providing additional instructions **d) Automating the cheque processing**

20. Which of the following is a characteristic of an Order Cheque?
a) It can be transferred by simple delivery
b) It is payable to the person presenting the cheque
c) It requires endorsement for transfer
d) It cannot be cashed over the counter

21. What is the purpose of a withdrawal slip?
a) To request work or services to be performed
b) To deposit money into a bank account
c) To withdraw money from a bank account
d) To document a cheque transfer

22. Which of the following components is NOT typically found on a Deposit Slip?
a) Bank Name and Branch **b) Date of Withdrawal**
c) Account Number d) Seal & Signature of the Bank

23. Which type of cheque requires the payee to endorse the cheque to transfer it to another person?
a) Bearer Cheque **b) Order Cheque** c) Crossed Cheque d) Post-Dated Cheque

24. What is a Job Order primarily used for?
a) Tracking payments
b) Providing job-related instructions and authorizing work
c) Requesting withdrawal of funds from a bank
d) Documenting cheque transactions

25. A deposit slip helps in:
a) Verifying cheque signatures b) Tracking a job's progress
c) Ensuring the correct amount is credited to the bank account
d) Recording withdrawals from a bank account

26. Which of the following is an advantage of using cheques?
a) They can be cashed at any time, even if post-dated

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b) They provide a traceable record of payment
c) They do not require a bank account to process
d) They eliminate the need for any endorsement

27. What happens when a cheque is dishonoured?
a) The funds are automatically transferred to the payee's account
b) The drawer faces penalties, and the cheque is not paid
c) The cheque is valid for another six months
d) The cheque is cashed, but at a lower amount

28. Which element on a cheque ensures that the payment cannot be made before a specific date?
a) Signature of the drawer b) Cheque Number
c) Post-Dated Date d) MICR Code

29. What is the significance of the "crossing" on a crossed cheque?
a) It can only be cashed over the counter
b) It can only be deposited into a bank account
c) It is valid for a specific period
d) It requires no endorsement

30. Which of the following is NOT a function of a Job Order?
a) Clarifying the scope of the job
b) Tracking progress and managing resources
c) Requesting funds from a bank account
d) Establishing accountability for tasks

31. What is a Demand Draft (DD)?
a) A negotiable instrument that relies on the drawer's account balance
b) A prepaid financial instrument guaranteeing payment to the payee
c) A cheque that requires an endorsement for transfer
d) A written request to stop a cheque

32. Which of the following is NOT a feature of a Demand Draft?
a) Guaranteed payment by the issuing bank
b) Transferable by endorsement
c) Used for secure and high-value transactions
d) Paid to the named payee only

33. What is the main difference between a cheque and a demand draft?
a) A cheque is guaranteed by the bank, while a demand draft is not
b) A demand draft is prepaid, while a cheque is paid from available funds at the time of presentation

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c) Cheques are only used for international payments, while demand drafts are for local transactions
d) Demand drafts incur no fees, while cheques do

34. Which of the following details is NOT required in a Demand Draft Challan?
a) Payee's name b) Requestor's details
c) Date of issuance **d) Bank's MICR Code**

35. What is the primary feature of RTGS (Real-Time Gross Settlement)?
a) Transactions are settled in batches at specific intervals
b) Transfers are processed individually and in real-time
c) It only handles low-value transactions
d) Transactions can be reversed after they are completed

36. Which statement is true regarding NEFT?
a) NEFT processes transactions immediately upon receipt
b) NEFT operates on a real-time gross settlement basis
c) NEFT processes transactions in batches at set intervals
d) NEFT requires both payer and payee to be customers of the same bank

37. What additional information is required for RTGS transactions compared to NEFT?
a) Transaction Reference Number **b) Real-time processing request**
c) Beneficiary's branch name d) Purpose of payment

38. Which of the following is typically a use case for a demand draft?
a) Everyday purchases
b) High-value corporate transactions
c) Online banking fund transfers
d) Inter-bank payments between the same bank

39. Which of the following is NOT true about the NEFT/RTGS challan?
a) It provides the transaction's date and purpose
b) It is required only for international transactions
c) It includes both sender and recipient details
d) It can be used for tracking and reconciling transactions

40. Which feature differentiates a demand draft from a cheque in terms of security?
a) A demand draft is more secure because it is prepaid
b) A cheque is more secure because it can be stopped before payment
c) A demand draft has no cancellation process, while cheques do
d) Both are equally secure in terms of payment guarantee

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41. What is the main role of a Goods Dispatched Note (GDN)?
a) To provide a receipt for goods purchased
b) To track goods shipped from the seller to the buyer
c) To request payment for dispatched goods
d) To detail the financial transaction for services provided

True or False Questions

1. Sales Vouchers are used primarily for documenting purchase transactions made by a business. **False**
2. A Sales Invoice typically includes a breakdown of taxes applicable to the sale. **True**
3. Account Sales documents are primarily used in businesses that sell goods on consignment. **True**
4. Sales Invoices help in calculating payroll for employees. **False**
5. Sales Vouchers must always include the serial number of the goods sold. **False**
6. Account Sales statements provide information on both the gross and net proceeds of the sale. **True**
7. Sales Invoices are irrelevant for tax reporting. **False**
8. Account Sales are issued by the buyer to the seller for purchase orders. **False**
9. Account Sales are issued by the consignee to the consignor in consignment sales. **True**
10. Sales Vouchers help businesses track inventory levels. **True**
11. Net Proceeds in an Account Sales statement are the total income generated from the sale before deductions. **False**
12. A Sales Voucher is issued by a buyer to confirm the receipt of goods. **False**
13. Sales Invoices are important for both tax reporting and inventory management. **True**
14. A Goods Dispatched Note (GDN) is used to request payment from the buyer. **False**
15. A Debit Note is issued when the buyer requests a reduction in the original invoice amount due to discrepancies such as returns or overcharges. **True**
16. Transfer Notes are used only for transferring funds between departments. **False**
17. The signature of the receiving person is optional on a Transfer Note. **False**
18. The main purpose of a Debit Note is to increase the amount payable by the buyer. **False**
19. A Job Order serves as a formal agreement between the party requesting the work and the party performing it. **True**
20. The withdrawal slip acts as a formal request to deposit money into a bank account. **False**
21. A post-dated cheque cannot be cashed or deposited before the date written on the cheque. **True**

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22. A crossed cheque can be cashed at the bank's counter. **False**
23. Dishonoured cheques are also referred to as "bounced cheques". **True**
24. The purpose of a deposit slip is to authorize the withdrawal of money from a bank account. **False**
25. A stale cheque is one that becomes invalid after six months from the date of issuance. **True**
26. A bearer cheque requires the payee's endorsement for transfer. **False**
27. The cheque number is a unique identifier used for tracking the cheque. **True**
28. The MICR code is printed on cheques to prevent forgery. **False**
29. A demand draft is guaranteed by the drawer's account balance, similar to a cheque. **False**
30. Demand drafts are non-transferable and can only be paid to the named payee. **True**
31. NEFT processes fund transfers in real-time and does not settle transactions in batches. **False**
32. RTGS is used for real-time processing of high-value and urgent transactions. **True**
33. A Demand Draft Challan requires the requestor's account number and the payee's name. **True**
34. A cheque can be cancelled by the drawer before it is presented for payment, whereas a demand draft cannot be easily cancelled once issued. **True**
35. RTGS transactions are more suitable for large-value transactions that require instant settlement. **True**
36. NEFT and RTGS can only be processed through physical bank branches and not through online banking systems. **False**
37. Demand drafts are often used for secure international transactions and real estate deals. **True**

Practical Questions: Preparation of Vouchers

Question 1: Your company, "TechPro Solutions," sold 50 hard drives to "ABC Technologies" at ₹4,000 per unit. Prepare the sales invoice with the following details: - Seller: TechPro Solutions - Buyer: ABC Technologies - Date: 02-Nov-2024 - Quantity: 50 Units - Unit Price: ₹4,000 - Total Amount: ₹2,00,000

Question 2: Prepare a sales invoice for selling 100 mobile phones to "XYZ Retailers" at ₹10,000 per unit. - Seller: Digital World - Buyer: XYZ Retailers - Date: 03-Nov-2024 - Quantity: 100 Units - Unit Price: ₹10,000 - Total Amount: ₹10,00,000

Question 3: You are a commission agent for "Superior Electronics" and have sold goods worth ₹5,00,000 on their behalf. Prepare the account sales voucher with the following details: - Commission Agent: Fast Sales Agency - Principal: Superior

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Electronics - Date: 04-Nov-2024 - Sales Amount: ₹5,00,000 - Commission: 5% - Total Due to Principal: ₹4,75,000

Question 4: Prepare an account sales voucher for selling ₹3,00,000 worth of goods on behalf of "Premier Textiles" with a commission of 3%. - Commission Agent: Best Trade Agency - Principal: Premier Textiles - Date: 05-Nov-2024 - Sales Amount: ₹3,00,000 - Commission: 3% - Total Due to Principal: ₹2,91,000

Question 5: Your company is dispatching 200 chairs to "Global Interiors" from the warehouse. Prepare the goods dispatched note with the following details: - Sender: Furniture Depot - Receiver: Global Interiors - Date: 06-Nov-2024 - Item: Chairs - Quantity: 200 Units

Question 6: Prepare a goods dispatched note for sending 50 boxes of electronics to "Bright Electronics" from your warehouse. - Sender: Tech Supplies Ltd - Receiver: Bright Electronics - Date: 07-Nov-2024 - Item: Electronics - Quantity: 50 Boxes

Question 7: You received defective goods worth ₹20,000 from "Smart Electronics." Prepare a debit note to claim the amount from the supplier. - Issuer: XYZ Traders - Supplier: Smart Electronics - Amount: ₹20,000 - Date: 08-Nov-2024 - Reason: Defective Goods

Question 8: Prepare a debit note for returning goods worth ₹10,000 to "Superior Clothing" due to incorrect size. - Issuer: Fashion Retailers - Supplier: Superior Clothing - Amount: ₹10,000 - Date: 09-Nov-2024 - Reason: Incorrect Size

Question 9: You are transferring 100 units of raw materials from the warehouse to the production department. Prepare the transfer note with the following details: - Sender: Warehouse - Receiver: Production Department - Date: 10-Nov-2024 - Item: Raw Materials - Quantity: 100 Units

Question 10: Prepare a transfer note for transferring 50 units of stationery from the central store to the HR department. - Sender: Central Store - Receiver: HR Department - Date: 11-Nov-2024 - Item: Stationery - Quantity: 50 Units

Question 11: You have received a job order to produce 500 T-shirts for a promotional event. Prepare the job order with the following details: - Client: ABC Promotions - Date: 12-Nov-2024 - Item: T-shirts - Quantity: 500 Units - Delivery Date: 30-Nov-2024

Question 12: Prepare a job order for producing 200 banners for an advertising campaign for "Marketing Solutions." - Client: Marketing Solutions - Date: 13-Nov-2024 - Item: Banners - Quantity: 200 Units - Delivery Date: 25-Nov-2024

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Question 13: Your company is issuing a cheque of ₹1,00,000 to "Quick Logistics" for transport services. Prepare the cheque voucher with the following details: - Payee: Quick Logistics - Amount: ₹1,00,000 - Date: 14-Nov-2024 - Cheque Number: 987654
- Purpose: Transport Services

Question 14: Prepare a cheque of ₹50,000 to "Bright Solutions" for IT services. - Payee: Bright Solutions - Amount: ₹50,000 - Date: 15-Nov-2024 - Cheque Number: 123789 - Purpose: IT Services

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About the Author

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- 4 years of experience in the teaching field
- 8 years of experience in Accounting, Internal Auditing, Budgeting & Budget Monitoring, Business Development Activities, E-Commerce, and Procurement
- Developed Self-Instructional Material on Organizational Skills for the Centre of Distance & Online Education of Shivaji University, Kolhapur
- Published 3 research papers in well-known journals; 2 more papers are awaiting publication
- Participated in numerous International & National conferences
- A skilled facilitator and trainer, having conducted multiple workshops on personality development, ability enhancement, and corporate ethics